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International Property Consultants  
Registered Valuers, Real Estate Agents  
Property Managers, Plant & Machinery Valuers

5 June 2015

**Damansara REIT Managers Sdn Berhad  
(on behalf of AmanahRaya Trustee Berhad,  
as the Trustee of Al-Salām REIT)**

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**CHESTON INTERNATIONAL (KL) SDN. BHD.**  
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Dear Sirs,

**UPDATE VALUATION CERTIFICATE OF A 4-LEVEL SHOPPING MALL TOGETHER WITH AN ALLOCATION OF 1,187 CAR PARK BAYS KNOWN AS KOMTAR JBCC, JOHOR BAHRU CITY CENTRE, JALAN WONG AH FOOK, JOHOR BAHRU, JOHOR DARUL TAKZIM (“KOMTAR JBCC”)**

We were instructed by Johor Corporation (“JCorp”), to review our valuation of KOMTAR JBCC for the purposes of submission to the Securities Commission Malaysia for approval in conjunction with the proposed establishment of Al-Salām REIT.

This Update Valuation Certificate is prepared for the purposes of inclusion in the prospectus of Al-Salām REIT and is to be read in conjunction with our Valuation Report bearing reference no. V/Al-Salām/3388813/D dated 21 July 2014.

We have re-inspected the property on 1 June 2015 and the material date of the update valuation of the above legal interest is 1 June 2015.

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

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 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”.

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**TERMS OF REFERENCE**

The update valuation has been carried out based on the same Terms of Reference as stated in our previous valuation report dated 21 July 2014.

**PARENT AND STRATA TITLE PARTICULARS**

We note from an application letter from Polaris Survey And Land Consultant that application for issuance of block strata title has been submitted to Johor Darul Takzim Land Registry on 28 December 2014 and is being processed.

We have obtained Certified True Copy of the parent title of the subject property on 28 May 2015 at Johor Darul Takzim Land Registry and note that the parent title particulars remained unchanged since our previous Valuation Report dated 21 July 2014.

**GENERAL DESCRIPTION**

As at the date of re-inspection, the physical state of the Subject Property remained unchanged since our previous Valuation Report.

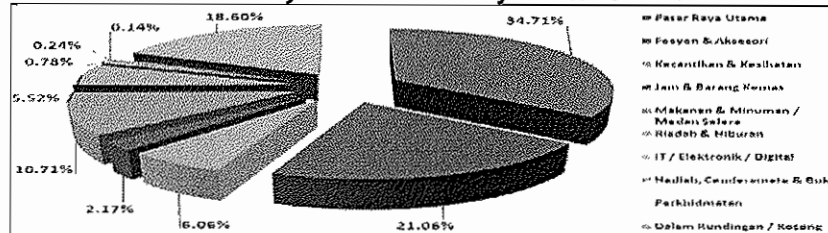
**TENANCY PROFILE**

Based on the tenancy schedule as at 15 May 2015, we note that the physical occupancy rate of KOMTAR JBCC has strengthened from 9.44% to 78.18% whilst the committed occupancy rate has improved slightly from 80.23% to 81.4%.

**(a) Tenancy Trade Profile By Net Lettable Area And Rental Income**

Fashion & Accessories trade remains as the largest trade sector with 21.06% of the NLA and 40.85% of the total gross rental income whilst Food & Beverage / Food Court is still the second largest accounting for 10.71% of NLA and contributing about 15.31% of the total gross rental income.

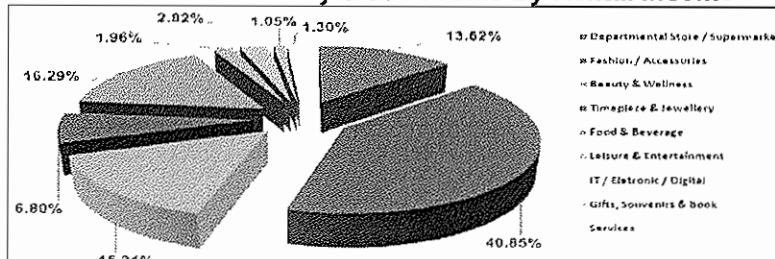
**Chart 1.0: Tenancy Trade Profile By Net Lettable Area**



Beauty & Wellness retains its position as the third largest trade sector with 6.06% of NLA accounting about 15.31% of total gross rental income whilst Departmental Store / Supermarket also maintains as the fourth largest trade with 34.71% of NLA contributing about 13.62% of total gross rental income.

Timepiece & Jewellery, Leisure & Entertainment, IT / Electronic / Digital, Gift, Souvenir & Book together comprise 8.71% of NLA with 12.63% of total gross rental income whilst the remaining 18.6% of NLA is under negotiation and vacant.

**Chart 2.0: Tenancy Trade Profile By Rental Income**

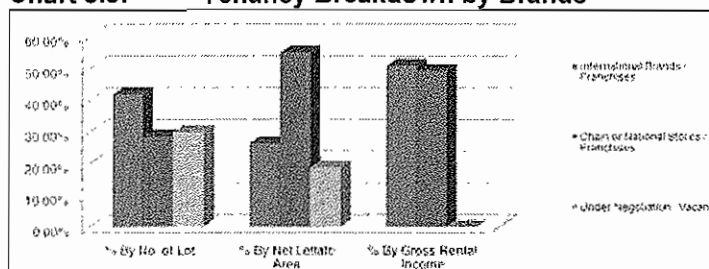




**(b) Tenancy Breakdown by Brands**

International Brands / Franchises and Chain or National Brands / Franchises contributing equally with 50.81% and 49.19% of the gross rental income, respectively. Majority of the number of tenants comprise International Brands / Franchises accounting for about 41.72% with the 26.35% of NLA whilst the Chain or National Brands / Franchises accounting for about 28.48% of tenants with the NLA of 54.95%. The remaining 29.80% of the lots with about 18.6% of NLA are under negotiation / vacant.

**Chart 3.0: Tenancy Breakdown by Brands**

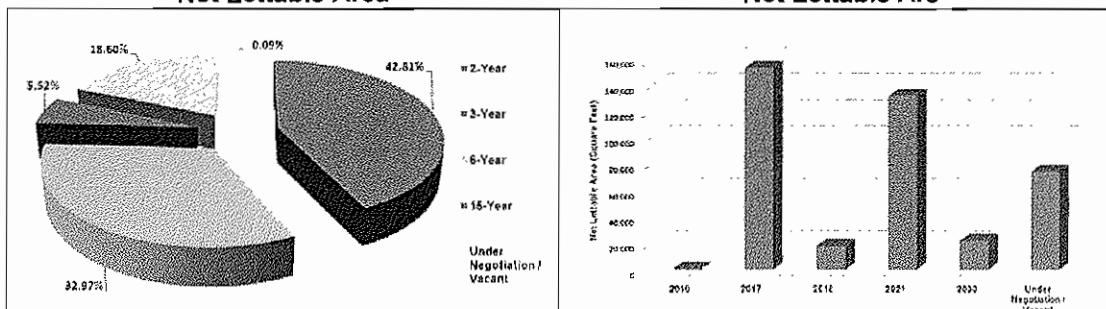


**(c) Tenancy Term Profile By Net Lettable Area**

There are minor changes in the percentage of tenancy term and expiry profiles compared to previous valuation. Majority of the tenancies, comprising 38.29% and 32.97% of NLA will be expiring in year 2017 and 2021, respectively. About 5.52% will expire in year 2018, 4.52% in year 2016 and the remaining 18.6% is under negotiation / vacant.

**Chart 4.0: Tenancy Term Profile By Net Lettable Area**

**Graph 1.0: Tenancy Expiry Profile By Net Lettable Area**



**MARKET CONDITION**

The Malaysian economy registered growth of 5.6% in the first quarter of 2015 (4Q2014:5.7%), underpinned by the private sector demand. On the supply side, growth was supported by the major economic sectors. Moving forward, the Malaysian economy is expected to remain on a steady growth path. The underlying domestic macroeconomic fundamentals remain intact and solid. The domestic demand will remain the driver of growth amid lower oil prices. Investment activity is projected to remain resilient with continued capital spending by both private and public sectors. (Source; 1<sup>st</sup> Quarter 2015, Publication of Bank Negara Malaysia).

The property market in Johor is generally moderate and cautious sentiments prevail particularly after implementation of the Goods and Services Tax, imposition of higher Real Property Gains Tax and various Government's measures to curb speculative activities. Nevertheless, with the confidence in the economic growth and accommodative finance environment, the property market is expected to sustain. The prospects for the Johor property market is favourable capitalizing on its synergies with Singapore to complement each other as an economic hub, economic developments spurred by Iskandar Malaysia and benefit from the spillover effects of major infrastructure developments and large scale foreign investments in the region.

We note that the retail market in Johor Bahru city generally remains stable since our previous valuation.



## MARKET VALUE

### Investment Method

We have reassessed the market value of KOMTAR JBCC with the updated details and have adopted the same parameters in the Investment Method as per our previous valuation report dated 21 July 2014 with the exception of monthly outgoings which we have increased slightly in line with the prevailing market. We have increased the outgoings for the term from RM2.50 per sq. ft. to RM2.55 per sq. ft. and reversion from RM2.60 per sq. ft. to RM2.65 per sq. ft.

We have also increased the void factor from 3% to 5% to reflect the current occupancy of the mall which only recorded marginal increase of 1.17% since our previous valuation.

### Comparison Method

We have adopted the same comparables for similar shopping complexes as per our previous valuation report as there were no new transactions of similar type of shopping complexes.

### Reconciliation Of Values

The market value of KOMTAR JBCC derived by the Investment Method of Valuation is RM462,000,000/- whilst the Comparison Method of Valuation is RM477,300,000/-

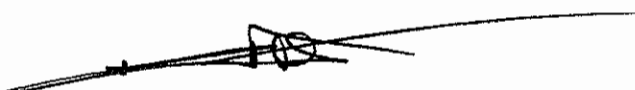
We have adopted the market value derived from the Investment Method as a fair representation of the market value of KOMTAR JBCC in view of the fact that it is an income generating investment property subject to the existing tenancies.

The net initial yield of KOMTAR JBCC is 3.82%. We wish to highlight that KOMTAR JBCC is a new mall and the tenants have been given various incentives and rent free periods at the initial parts of the tenancies. We also note that 81.26% of the tenants by NLA are subject to percentage of net or gross sales turnover and we did not consider this revenue as we do not have record of the trade of the tenants. We also did not reflect the revenue from casual mall leasing, push carts, advertisement & promotion and other revenue. As such, the current net initial yield may not represent the actual performance of the mall.

## OPINION OF VALUE

Having regard to the foregoing, taking into consideration all pertinent factors and based upon our reassessment of relevant market data, we are of the opinion that the market value of the legal interest in KOMTAR JBCC, subject to existing tenancies and the block strata title when issued will be free of all encumbrances, good, marketable and registrable is RM462,000,000 (Ringgit Malaysia Four Hundred And Sixty Two Million Only).

For And On Behalf Of  
**CHESTON INTERNATIONAL (KL) SDN. BHD.**



**G PAREMES SIVAM, FRISM, MRICS, MPEPS, MIPPM**  
**CHARTERED SURVEYOR**  
**REGISTERED VALUER, V-480**



23 July 2014

**Damansara REIT Managers Sdn Berhad**  
**(on behalf of AmanahRaya Trustee Berhad,**  
**as the proposed Trustee of Al-Salām REIT)**  
Unit 1-19-02, Level 19  
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Dear Sirs,

**VALUATION OF A 25-STOREY PURPOSE BUILT OFFICE BUILDING TOGETHER WITH AN ALLOCATION OF 145 CAR PARK BAYS KNOWN AS MENARA KOMTAR, JOHOR BAHRU CITY CENTRE, JALAN WONG AH FOOK, JOHOR BAHRU, JOHOR DARUL TAKZIM (“MENARA KOMTAR”).**

We were instructed by Damansara REIT Managers Sdn Berhad (“DRMSB”), to conduct valuation of Menara KOMTAR for the purposes of submission to the Securities Commission Malaysia for approval in conjunction with the proposed establishment of Al-Salām REIT.

This Valuation Certificate is prepared for the purposes of inclusion in the prospectus of Al-Salām REIT and is to be read in conjunction with our Valuation Report bearing reference no. V/Al-Salām/3388813/C.

The relevant date of valuation of the above legal interest is 18th July 2014.

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

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 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”.

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**1.0 SALIENT DETAILS OF MENARA KOMTAR**

**1.1 Interest Valued / Type of Property**

The legal interest in a 25-storey purpose built office building together with an allocated 145 car park bays located at levels 4 and 7 of JBCC Car Park known as Menara KOMTAR.

**1.2 Name and Address**

Menara KOMTAR, Johor Bahru City Centre, Jalan Wong Ah Fook, Johor Bahru, Johor Darul Takzim.

**1.3 Location**

Menara KOMTAR is located within the integrated development of JBCC which is located in the heart of the Central Business District of Johor Bahru City.

**1.4 An Overview of Johor Bahru City Centre (“JBCC”)**

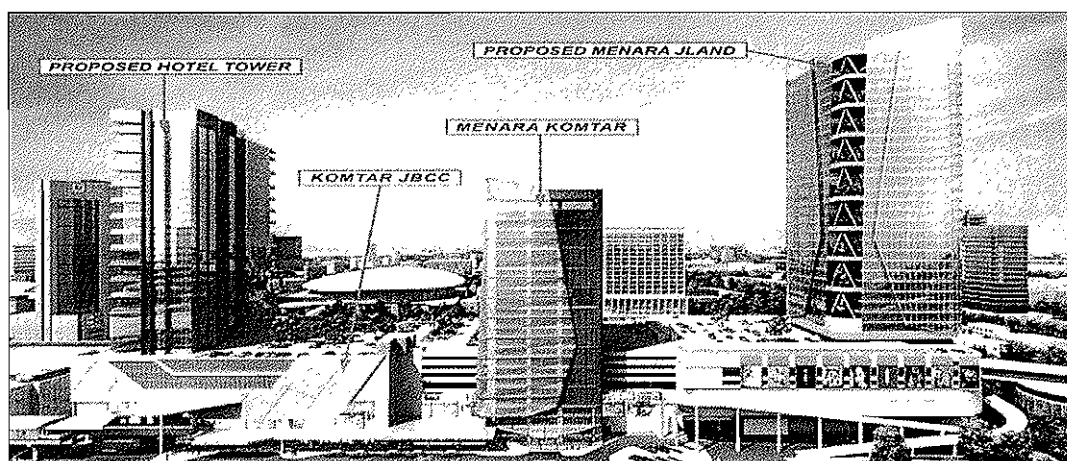
JBCC is redevelopment of the 35-year old former Kompleks Tun Abdul Razak (“KOMTAR”) which consists of a two storey shopping complex and a 26-storey office tower. It is the major player in the urban renewal of Johor Bahru City from the traditional urban centre into a modern metropolis.

The composition of JBCC, the new landmark which will transform the skyline of Johor Bahru City is as follow: -

**Table 1.0: Built-up Area**

Description	Built-up Area In Accordance With Jurubena Bertiga International Partnership					
	Level	Gross Floor Area		Net Lettable Area		No. Of Car Park Bay Allocated
		Sq. Mt.	Sq. Ft.	Sq. Mt.	Sq. Ft.	
A 25-Storey Purpose Built Office Tower Known As Menara KOMTAR	1 to 26	22,499.87	242,194.50 *	14,919	160,592	145
A 4-Level Shopping Mall Known As KOMTAR JBCC	1 to 4	57,913	623,374 *	37,312	401,623	1,187
A Proposed Office Tower Known As Menara JLand	-	38,273	411,817.48 *	32,328	347,975	195
A Proposed Hotel Tower	-	17,064	183,675.20 *	13,542	145,770	175
Common M&E, Circulation And etc	Basement, 5 to 9	12,066	129,878	-	-	-
Mosque	8 & 9	2,851	30,868	-	-	-
Car Parking Area	4 to 8	56,005	602,833	-	-	-
Motorcycle Parking Area	Basement	3,103	33,400	-	-	-
<b>Total</b>		<b>211,216</b>	<b>2,258,040.18</b>	<b>98,101</b>	<b>1,055,960</b>	<b>1,702</b>

Note: \* Excluding Car Park Area



An Artist's Impression of JBCC



### 1.5 Parent And Strata Title Particulars

Menara KOMTAR has yet to be issued with a block strata title and is sited on Parent Lot 14530, Town And District of Johor Bahru, Johor Darul Takzim, having an interest in perpetuity.

We were informed that Polaris Survey And Land Consultant has been appointed to make application to the relevant authorities for the issuance of block strata title. Application for the issuance of block strata title is in progress.

Our valuation is on the basis that a block strata title conveying interest in perpetuity in respect of Menara KOMTAR together with an allocated 145 car park bays as accessory parcels when issued, will be free all encumbrances and restrictive conditions.

Parent Lot No.: Lot 14530, Title No. 44587, Town and District of Johor Bahru, Johor Darul Takzim.  
Tenure Of Parent Title: Interest in perpetuity.  
Parent Land Area: 21,438 square metres (230,756 square feet).  
Category Of Land Use: Building.  
Registered Proprietor: Johor City Development Sdn Bhd.  
Beneficial Owner: Damansara Assets Sdn. Bhd. ("DASB")

### 1.6 Property Description

Menara KOMTAR is part of an integrated development sited on Parent Lot 14530, an elongated and near rectangular shaped parcel of land. Menara KOMTAR is located at the north-eastern portion of the site. It is developed on a footprint measuring an area of about 903 square metres (9,720 square feet).

Menara KOMTAR has been undergoing major refurbishment work commencing September 2013 to reposition itself as modern and sophisticated prime office building within Johor Bahru City.

The office tower is constructed of reinforced concrete foundation, mass reinforced concrete floor slabs, reinforced concrete frames and core walls supporting a waterproofed reinforced concrete flat roof concealed behind parapet wall. The façade of the building is being upgraded with protective perforated aluminium cladding panels.

### 1.7 Gross Floor Area (Excluding Car Park Area)

22,499.87 square metres (242,194.50 square feet).

### 1.8 Net Lettable Area ("NLA")

4,919.00 square metres (160,592.00 square feet).

### 1.9 Car Park

145 car park bays are being managed and operated by an in house management team.

### 1.10 Planning Details

Menara KOMTAR is located within an area designated for commercial use. Certificate of Fitness for Occupation in respect of original Menara KOMTAR was issued by Majlis Perbandaran Johor Bahru dated 8th March 1979. Amendment to the approved building plans of original Menara KOMTAR were approved by Majlis Perbandaran Johor Bahru on 24 April 1980.

### 1.11 Tenancy Profile

As at the date of valuation, Menara KOMTAR enjoys an occupancy rate of about 42.97% whilst the committed occupancy rate is about 93.67%. JCorp and it's subsidiaries including DASB, TPM Technology Sdn Bhd Metro Parking (M) Sdn Bhd, TMR Urusharta Sdn Bhd and Institut Pembagunan Pengurusan Johor Sdn Bhd (IPPJ), are the related party and major tenants occupying about 76.57%, about 17.10% is tenanted to third party/multiple tenants, 0.64% is area under Corridor created for multiple occupation in a floor and the remaining 5.69% is vacant.

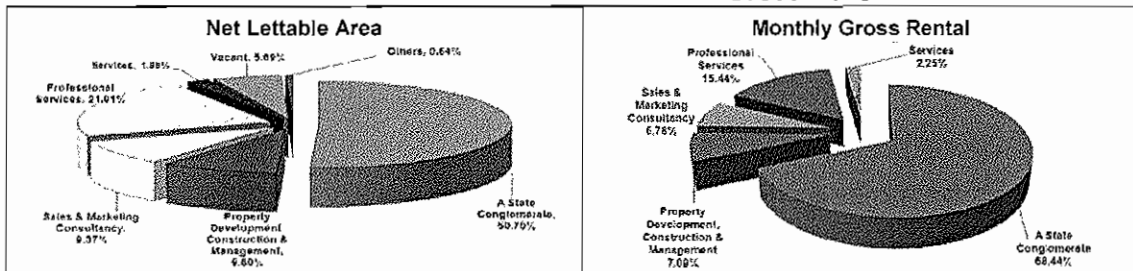


**1.11 (a) Tenancy Profile By Trade And Monthly Gross Rental**

A State Conglomerate with diversified trade sector is a major occupant with 50.70% of the NLA contributing 68.44% of the total monthly gross rental followed by professional services trade sector which is occupying about 21.91% of NLA with 15.44% of monthly gross income. Property development, construction & management occupy about 9.8% with 7.09% of gross monthly rental income, sales & marketing consultancy trade sector is occupying about 9.37% with 6.78% of gross monthly rental. Other services trade sector represents about 1.88% with gross monthly rental contribution of 2.25%.

**Chart 1.0: Tenancy Profile By Trade**

**Chart 2.0: Tenancy Profile By Monthly Gross Rental**



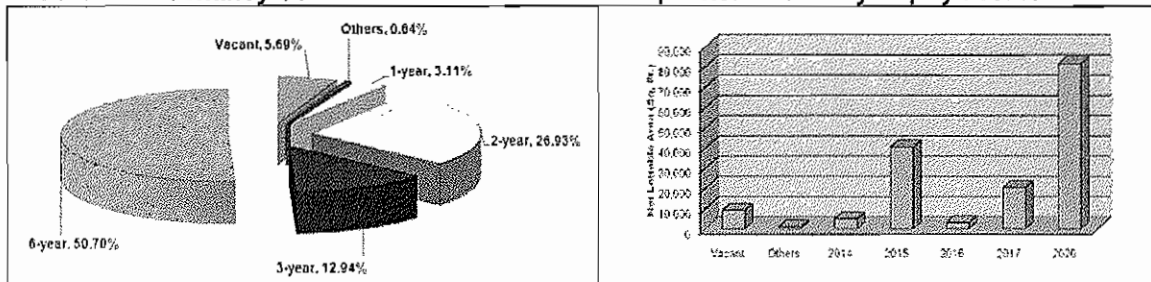
**1.11 (b) Tenancy Term Profile**

The tenancies are generally let on 1-year to 6-year terms. There is only one 1-year tenancy term by Biro Pengaduan Awam Negeri Johor (3.11%). The 2-year tenancy term comprises about 26.93%, of which 14.82% is tenanted to Metro Parking (M) Sdn Bhd, TPM Technopark Sdn Bhd and Institut Pembangunan Pengurusan Johor Sdn Bhd. The remaining 12.11% is tenanted to 9 tenants with NLA ranging from 890 sq. ft. to 4,364 sq. ft.

The 3-year tenancy term comprises about 12.94% mainly of DASB (9.80%) and TMR Urusharta (M) Sdn Bhd (1.25%). The remaining are about 5 tenants (1.89%) with NLA ranging from 310 sq. ft. to 1,390 sq. ft. The 6-year tenancy is by JCorp accounting for 50.70% of the NLA. The chart below illustrates percentage of tenants according to the tenancy term.

**Chart 3.0: Tenancy Term Profile**

**Graph 1.0: Tenancy Expiry Profile**



**1.11 (c) Tenancy Expiry Profile**

Overall about 50.70% of the tenancies will expire in year 2020 followed by 25.22% in 2015 and 12.66% in year 2017. About 3.11% will expire by November 2014, 1.99% in 2016 and the remaining 5.69% is vacant.

**1.12 Property Performance**

We note that the tenancy profile of Menara KOMTAR post refurbishment work has been strengthened substantially. The rental rate has been revised upward to be at par with other similar type of new and modern office buildings in the immediate vicinity. Thus, historical operating performance of Menara KOMTAR, prior to the refurbishment work, would not reflect the true performance of the newly repositioned Menara KOMTAR. As such, we did not incorporate the historical operating performance of Menara KOMTAR.





**2.0 MARKET VALUE**

**2.1 Date Of Valuation And Inspection**

18 July 2014

**2.2 Valuation Methodology**

In arriving at our opinion of the market value of Menara KOMTAR, we have adopted the Investment and Comparison Methods of Valuation.

**2.3 Investment Method**

This method is premised on the principle that the value of an income-producing property is represented by “the present worth of future rights to income, or utility”. The value estimated under this method is derived by ascertaining the market rent of the property (i.e. that income which is ascribable to the property under its highest and best use); deducting all reasonable operating expenses (as would be experienced under typical management) and then capitalising the resultant net income by an appropriate rate of capitalisation to obtain the present value of the income stream.

**Term**

Average Gross Rental: **RM4.15** per sq. ft. per month over total NLA  
 Other Revenue: **RM11,700** per month  
 Outgoings: **RM1.44** per sq. ft. per month  
 Capitalisation Rate: **6.50%** adopted for the term

**Reversionary**

Average Gross Rental: **RM3.73** per sq. ft. per month  
 Car Park Income **RM22,391** per month  
 Other Revenue: **RM12,870** per month  
 Void Allowance: **5%**  
 Outgoings: **RM1.50** per sq. ft. per month over total NLA  
 Capitalisation Rate **7.00%** adopted for the reversion

**2.4 Gross Rental**

Average market rent of all categories of office buildings in Johor Bahru ranges from RM2.50 to RM4.00 per sq. ft. depending on the location, building quality and age. The rental rates of office buildings with similar quality of newly refurbished Menara KOMTAR ranges from RM3.50 to RM4.00 per sq. ft.

We note that all the existing third party tenants are the loyal tenants who have been tenants of the building for a long term (17 years to 37 years) and the tenancies have been renewed in light of the refurbishment works and repositioning of Menara KOMTAR. The passing rentals of the recently renewed tenancies are at RM3.00 per sq. ft. which is lower than the fair market rental of Menara KOMTAR as the management decided to give discounted rate than the Market Rent of Menara KOMTAR.

Our assessment of the Market Rent of Menara KOMTAR is RM3.30 per sq. ft. which is based on the comparison of market rental of similar quality office buildings in Johor Bahru.

In arriving at our opinion of the Market Rental of Menara KOMTAR upon reversion, we have taken into consideration prevailing asking rentals of similar type of office buildings as per Table 3.0.

**Table 2.0: Asking Rentals of Office Buildings within Johor Bahru**

Building Name	Net Lettable Area (Sq. Ft.)	Occupancy Rate (%)	Current Asking Rental Of Office Space (RM)
Menara Public Bank	171,844	88%	2.50 - 3.00
City Square Office Tower	459,867	70%	2.80 - 4.00
Menara Landmark	285,064	75%	2.80 - 3.30
Menara Ansar	240,990	93%	2.80 - 4.00
Bangunan Iskandar Investment Berhad (IDR)	75,713	95%	2.80 - 3.30

Source: Property Market Report 2014 / Cheston Research



In undertaking our assessment of the Market Rental Value, we have considered various factors including, time, location and accessibility, building characteristics, grade, quality, facilities, age, condition and size as well as negotiation on the asking rentals.

Thus, we have made 10% upward adjustment from the existing newly executed passing rental of RM3.00 per sq. ft. upon reversion to reflect the Market Rent of Menara KOMTAR as fair representation of the Market Rent for all the tenants with the exception of the tenanted areas of JCorp.

At the date of our inspection, we noted that Level 10 to Level 14 (inclusive), Level 24 and Level 25 which have been tenanted to JCorp have been fully fitted by the owner, DASB. Based on the Letter Of Offer And Acceptance between DASB (Landlord) and JCorp (Tenant), we note that the rental rate of the abovementioned fully furnished levels for the 6-year term has been fixed at RM5.60 per sq. ft. during the term of the tenancy commencing on 1st August 2014.

We further note that similar fitting out works on Level 4 (Lot Nos. 1 & 5), Level 7, Level 15 (Lot No. 4), Level 16 (Lot Nos. 1 to 6), Level 18 (Lot No. 3) and Level 22 are in progress. The fit out works of the above floors will be completed prior to the commencement of the tenancy of the above levels on 1st October 2014. The rental rate for the 6-year term also has been fixed at RM5.60 per sq. ft.

For the term, we have adopted the contractual rental of RM5.60 per sq. ft.. Thereafter, we have revised the rent downward upon expiry of the 6-year term. We have adopted the Market Rent upon reversion of RM3.30 per sq. ft. as base rent and made about 21.2% upward adjustment to RM4.00 per sq. ft. to reflect the 6-year older fit out works, which is a fair representation as per the practise in the industry.

## 2.5 Car Park Revenue

The distribution of the car park income and contributions towards the operation and maintenance cost of the car park among the owners of the four component developments will be according to the number of allocated car park bays. All the 145 car park bays are allocated for season parking at a rate of RM250 per bay per month. The revenue from the car parks is estimated based on the prevailing car park rates of similar type of shopping mall in the vicinity.

We also have investigated the current commanding monthly car park rate of other office buildings in the vicinity of Menara KOMTAR.

The prevailing car park rate of selected office buildings within Johor Bahru City is attached as the table below: -

Building Name	No. of Car Park	Car Park Rate	
		Season	Transient
Menara Public Bank	219	<ul style="list-style-type: none"> <li>Reserved-RM200 Per Bay Per Month</li> <li>Floating-RM160 Per Bay Per Month</li> </ul>	<ul style="list-style-type: none"> <li>RM1.60 for the first 1 hour</li> <li>RM1.60 for every subsequent hour/part thereof</li> <li>RM10.00 per entry for early bird entry (before 9am)</li> </ul>
City Square Office Tower	1,250	<ul style="list-style-type: none"> <li>Reserved-RM250 Per Bay Per Month</li> </ul>	<ul style="list-style-type: none"> <li>RM2.00 for the first 1 hour</li> <li>RM2.00 for every subsequent hour/part thereof</li> <li>RM3.00 per entry after 6 pm until 7 am</li> </ul>
Menara Landmark	672	<ul style="list-style-type: none"> <li>Reserved-RM300 Per Bay Per Month</li> <li>Floating-RM150 Per Bay Per Month</li> </ul>	<ul style="list-style-type: none"> <li>RM2.00 for the first 1 hour</li> <li>RM2.00 for every subsequent hour/part thereof</li> <li>RM4.00 per entry after 6 pm until 2 am</li> <li>RM16 overnight charge (2 am to 6 am)</li> </ul>
Menara Ansar	350	<ul style="list-style-type: none"> <li>Reserved-N/A</li> <li>Floating-RM160 Per Bay Per Month</li> </ul>	<ul style="list-style-type: none"> <li>RM1.60 for the first 1 hour</li> <li>RM1.60 for every subsequent hour/part thereof</li> </ul>

Source: Cheston Research



We note that the car park rate of RM250 per bay per month as allocated to Menara KOMTAR is fair gross car park revenue and in line with the commanding car park rate of other office buildings in the vicinity. The estimated Annual Gross Revenue of JBCC Car Park based on the prevailing car park rate is RM6,021,072 and the Annual Gross Revenue of the 145 car park bays allocated to Menara KOMTAR is RM435,000.

Contribution towards the operation and maintenance cost is proportioned according to the allocated number of car park bays which is fair and equitable and in line with the market practise. The estimated car park operation and maintenance cost of the entire JBCC Car Park is RM1,952,055 and the contribution from Menara KOMTAR according to the allocated car park bay is RM166,303.

Thus, the Net Annual Revenue from the car park in respect of Menara KOMTAR is RM268,697.

## 2.6 Annual Outgoings

The net rent is arrived which is the residue of gross annual market rent for the Menara KOMTAR less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.

The annual outgoings of Menara KOMTAR for year ended 31st December 2011, 31st December 2012, 31st December 2013 and from 1st January 2014 up to 30th April 2014 (4 months) are tabulated below: -

**Table 3.0: Annual Outgoings and Outgoings Rates Adopted**

For Year Ended	Annual Outgoings (RM)	Analysis Per Sq. Ft. Per Month (RM)
As At 31st December 2011	2,662,243	1.38
As At 31st December 2012	2,698,338	1.40
As At 31st December 2013	2,765,632	1.44
From 1st January 2014 - 30th April 2014 (4 months)	919,263	1.43
Adopted in Valuation as at 1st July 2014 (Term)	2,769,134	1.44
Adopted in Valuation as at 1st July 2014 (Reversion)	2,891,282	1.50

Source: DASB

We have analysed past 3 years annual outgoings of Menara KOMTAR and made diligent adjustments to arrive at the fair outgoings of Menara KOMTAR. Investigation also made on annual outgoings of other office buildings and necessary adjustments were made before arriving at the fair annual outgoings of Menara KOMTAR.

Annual outgoings of other office buildings are tabulated below.

**Table 4.0: Annual Outgoings Of Office Buildings**

No.	Office Buildings	Net Lettable Area (Sq. Ft.)	Annual Outgoings (Per Sq. Ft.)
1	Menara PJD, Kuala Lumpur	445,112	RM1.40 - RM1.50
2	Menara 238, Kuala Lumpur	467,211	RM1.30 - RM1.40
3	Menara AmBank, Kuala Lumpur	458,187	RM1.60 - RM1.70
4	Bangunan AmBank, Kuala Lumpur	360,166	RM1.40 - RM1.50
5	Menara Prudential, Kuala Lumpur	147,812	RM1.50 - RM1.55
6	The Icon (East Wing), Kuala Lumpur	278,182	RM1.50 - RM1.55
7	Menara Multi-Purpose, Kuala Lumpur	541,424	RM1.40 - RM1.50
8	Sunway Tower II, Kuala Lumpur	268,412	RM1.35 - RM1.45
9	Pavillion Tower, Kuala Lumpur	167,407	RM1.50 - RM1.55
10	Menara Olympia, Kuala Lumpur	455,000	RM1.45 - RM1.50

Source: Bursa Malaysia Securities Berhad/Cheston Research

Based on the above analysis, we have adopted annual outgoings of RM1.44 per sq. ft. per month for the current term and RM1.50 per sq. ft. per month for the reversion which is considered fair representation of the monthly outgoings of Menara KOMTAR.



## 2.7 Rent Loss Adjustment / Vacancy Allowance

The overall occupancy rate of all categories of office buildings in Johor Bahru City is about 75%. However, similar type of quality office buildings with prudent and well managed office buildings have been enjoying high occupancy rate of 93% to 95%. We note that, as at the date of valuation, Menara KOMTAR has successfully achieved committed occupancy rate of 93.67% while in the final stages of completion of its refurbishment works with strong support and substantial space reserved for related party JCorp and its subsidiaries (76.57%). We were informed by the Client, that the existing vacant space is reserved for the subsidiaries of the Group currently tenanted in other office buildings and will be relocating to Menara KOMTAR upon completion of the refurbishment works.

We were informed that JCorp will be taking up Units 1 & 2 of Level 21 measuring about 3,416 sq. ft. (2.13%) which is currently vacant together with Units 3 to 6 (inclusive) of Level 21, with a NLA of about 4,109 sq. ft. currently being tenanted to Biro Pengaduan Awam Negeri Johor which will expire on 30th November 2014. Both the above office space with the total NLA of about 7,525 sq. ft. NLA will contribute about 4.69% to the occupancy, thus, total occupancy rate will be about 98.36 % as at 1st January 2015.

After taking into consideration the existing and immediate future occupancy rate of Menara KOMTAR, general trend of vacancy for similar grade office buildings in Johor Bahru and the duration of the rent free allowance based on the prevailing market practise, we have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods.

## 2.8 Yield / Capitalisation Rate

We have adopted a market corroborated capitalisation rate to arrive at the capital value of Menara KOMTAR. In arriving at our opinion of the appropriate capitalisation rate using the above methodology, thorough examination and analysis of several recent sales of office buildings were carried out. We note that there is a dearth of sale transactions of office building in Johor Bahru. Thus, we have analysed sale transactions of office building in Kuala Lumpur City which is a primary commercial centre of the country and has an active office market. Exercising judgment based on our experience in the industry, we have compared the relative investment characteristics of Menara KOMTAR and the sales. We made all the necessary and diligent adjustments to arrive at the capitalisation rate. We have given emphasis on the current market condition, location, quality and characteristics of Menara KOMTAR as of an integrated development. We have also taken into account the current economic condition, the existing and future demand and supply of office space in arriving at the fair capitalisation rate.

The above yield analysis reveals that, the yield trend of office buildings in Kuala Lumpur City have been declining from 2009 to 2013 and ranges from 6.05% to 6.51%. At present, our research on the yield trend revealed that yields of prime office buildings are under further compression due to moderate and uneven growth trajectory in the global economic environment, moderate Malaysian economy and impending supply of office space to come on stream in the short term.

Having considered the above and other relevant factors including time, location and accessibility, building characteristics, grade, quality, facilities, age, condition and size, lease terms, occupancy and quality of the tenant, and carefully going through the past and current tenancy profile, we have adopted reversionary yield of 7.0% for Menara KOMTAR which is located within Johor Bahru City, a secondary commercial centre compared to Kuala Lumpur City as is fair representation reflecting its location in the southern region. The adopted term yield is 6.5% which reflects the security of the existing lease, certain and fixed rental income and quality of the tenant.

The upward adjustment of 50 basis points (bps) on the reversionary yield is to reflect a higher risk on the future tenancy, Malaysian economy and the future revenue. The above rates adopted are in line with our analysis of prevailing market yields of office buildings.



**2.9 Comparison Method**

The Comparison Method is premised on the principle that comparison is made for the property under valuation with sales of other similar properties. Where dissimilarities exist, adjustments are made.




Under this method, an estimate of the market value is derived by comparing the property under valuation with other similar properties that had been sold in the recent past.

We note that there is a dearth of recent recorded office building transactions in the state of Johor and particularly within Johor Bahru City. As such, we have adopted selective latest sale transactions of similar type of office buildings with similar quality and grade in other region of Malaysia.

In determining the value by Comparison Method, a survey was made for sales of similar quality and grade that have occurred in other regions within the recent past. These comparable sale prices are then adjusted for comparability to reflect differences in time, location and accessibility, building characteristics, grade, quality, facilities, age, condition and size to render the sold properties as similar as possible with Menara KOMTAR.

We have analysed and made diligent adjustments for differences of the comparable sale transactions against Menara KOMTAR. We note that the sale analysis range from RM377.75 per sq. ft. to RM494.26 per sq. ft. After making the necessary adjustments, the adjusted values range from RM412.25 per sq. ft. to RM434.42 per sq. ft.

**Table 5.0: Details Of The Sale Transactions And Comparison Method**

		COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
				
a	Property	Kompleks Tun Sri Lanang (also known as Jaya 99), No. 99, Jalan Tun Sri Lanang, Melaka	Menara PJD, No. 50, Jalan Tun Razak, Kuala Lumpur	Menara 238, Jalan Tun Razak, Kuala Lumpur
b	Description of the Building	An 18-storey purpose-built commercial building consisting of two (2) office towers (9-level and 10-level) sitting atop a 7-level podium block with a mezzanine floor	A 28-storey purpose built office building comprising 5 levels of retail space, 8 levels of elevated car park, 16 levels of office space and a link bridge to the Tititwangsa Light Rail Transit Station	A 36-level office building with 2 levels of basement car park
c	Tenure	99-year leasehold tenure expiring on 7th October 2109 (unexpired term of about 95.3 years)	Interest In Perpetuity	Interest In Perpetuity
d	Year Of Completion	2011	2009	2011
e	Net Lettable Area ("NLA") (Sq. Ft.)	227,662	445,112	467,211
f	No. of Car Parks (Bays)	551	560	771
g	Consideration	RM86,000,000	RM220,000,000	RM206,000,000
h	Date of Transaction	16-Aug-12	31-Dec-13	16-Oct-13
i	Vendor	Johan Kembara Sdn Bhd	PJD Land Sdn Bhd	Danaharta Hartanah Sdn Bhd
j	Purchaser	Maybank Trustees Berhad (formerly known as Mayban Trustees Berhad), the trustees for AmFIRST REIT	Able Starship Sdn Bhd	Kumpulan Perubatan (Johor) Sdn Bhd
k	Source	Bursa Malaysia Securities Berhad		
	Analysis (Per Sq. Ft.)	RM377.75	RM494.26	RM440.91
	Adjustment Factor Considered	Market condition (time), location & accessibility, building, size, tenure and car park.		
	Adjusted Value (Per. Sq. Ft.)	RM434.42	RM432.48	RM412.25



- (a) In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 which is the only Sale Comparable in the southern region of Peninsular Malaysia which has more similarities in terms of location and building characteristics against Menara KOMTAR.
- (b) We have adopted the adjusted value of RM434.42 per sq. ft. from the adjustment of Comparable 1 as a fair representation which translate into a market value of RM69,763,723 and rounded up the market value to RM69,800,000.

**2.10 Reconciliation Of Values**

The market values derived by adopting the valuation methods are tabulated below.

**Table 6.0: Reconciliation of Values**

Method of Valuation	Derivation of Values
Investment Method	RM70,000,000
Comparison Method	RM69,800,000

Menara KOMTAR is an income generating investment property and we have given greater emphasis on the Investment Method as a more reliable and appropriate method of valuation.

The Comparison Method is an appropriate method to be adopted for homogeneous properties with minimal dissimilarities which require less complicated adjustments. However, for income generating investment properties which are physically, functionally and economically complex where adjustments are numerous and more difficult to quantify, it will be difficult to make adjustments using the Comparison Method. The market value of an investment property is a function of the future income stream. The cash flows of an investment property are subject to the specific nature of the particular investment property and the lease/tenancy terms. It will be strenuous to make all the relevant qualitative and quantitative adjustments accurately for investment properties using Comparison Method.

Nevertheless, the comparative analysis provides a range of values to support the market value as details of sale comparables are easily available. In light of the above, in arriving at our opinion of market value of Menara KOMTAR, the Comparison Method is adopted as a guide and supportive method to the Investment Method.

Hence, we have considered the market value derived from the Investment Method as fair and accurate representation of market value of Menara KOMTAR supported by the Comparison Method.

The net initial yield of Menara KOMTAR is 7.05%.

**3.0 OPINION OF VALUE**

Having regard to the foregoing, taking into consideration all pertinent factors and based upon our analysis of relevant market data, we are of the opinion that the market value of the legal interest in Menara KOMTAR, a 25-storey purpose built office building together with an allocation of 145 car park bays located at levels 4 and 7 of JBCC Car Park bearing postal address Menara KOMTAR, Johor Bahru City Centre, Jalan Wong Ah Fook, Johor Bahru, Johor Darul Takzim, sited on Parent Lot 14530, Town and District of Johor Bahru, Johor Darul Takzim, held under Parent Title No. Geran 44587, subject to existing tenancies and the block strata title when issued will be free of all encumbrances, good, marketable and registrable is RM70,000,000 (Ringgit Malaysia Seventy Million Only).

For And On Behalf Of  
**CHESTON INTERNATIONAL (KL) SDN. BHD.**

**G PAREMES SIVAM, FRISM, MRICS, MPEPS, MIPPM  
 CHARTERED SURVEYOR  
 REGISTERED VALUER, V-480**



Chartered Surveyors  
International Property Consultants  
Registered Valuers, Real Estate Agents  
Property Managers, Plant & Machinery Valuers

5 June 2015

**Damansara REIT Managers Sdn Berhad**  
**(on behalf of AmanahRaya Trustee Berhad,**  
**as the Trustee of Al-Salām REIT)**  
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Dear Sirs,

**UPDATE VALUATION CERTIFICATE OF A 25-STOREY PURPOSE BUILT OFFICE BUILDING TOGETHER WITH AN ALLOCATION OF 145 CAR PARK BAYS KNOWN AS MENARA KOMTAR, JOHOR BAHRU CITY CENTRE, JALAN WONG AH FOOK, JOHOR BAHRU, JOHOR DARUL TAKZIM (“MENARA KOMTAR”).**

We were instructed by Damansara REIT Managers Sdn Berhad (“DRMSB”), to review our valuation of Menara KOMTAR for the purposes of submission to the Securities Commission Malaysia for approval in conjunction with the proposed establishment of Al-Salām REIT.

This Update Valuation Certificate is prepared for the purposes of inclusion in the prospectus of Al-Salām REIT and is to be read in conjunction with our Valuation Report bearing reference no. V/Al-Salām/3388813/C dated 23 July 2014.

We have re-inspected the property on 1 June 2015 and the material date of the update valuation of the above legal interest is 1 June 2015.

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

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 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”.

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### **TERMS OF REFERENCE**

The update valuation has been carried out based on the same Terms of Reference as stated in our previous valuation report dated 23 July 2014.

### **PARENT AND STRATA TITLE PARTICULARS**

We note from an application letter from Polaris Survey And Land Consultant that application for issuance of block strata title has been submitted to Johor Darul Takzim Land Registry on 28 December 2014 and is being processed.

We have obtained Certified True Copy of the parent title of the subject property on 28 May 2015 at Johor Darul Takzim Land Registry and note that the parent title particulars remained unchanged since our previous Valuation Report dated 23 July 2014.

### **GENERAL DESCRIPTION**

As at the date of re-inspection, we noted that the major refurbishment works of Menara KOMTAR which commenced in September 2013 and were ongoing at the date of previous valuation to reposition it as a modern prime office building have been completed with the exception of the upgrading of the facade which is expected to be completed by end of 2015.

### **TENANCY PROFILE**

Based on the tenancy schedule dated 15 May 2015, we note that the physical occupancy rate of Menara KOMTAR has strengthened from 42.97% to 95.8% whilst the committed occupancy rate has improved slightly from 93.67% to 95.80%. The increase in the occupancy rate is contributed by a new tenancy of the entire Level 21 measuring an area of about 7,525 sq ft by Johor Corporation for 3+3 year term after expiry of the tenancy of part of the same level (4,109 sq ft) tenanted to Biro Pengaduan Awam Negeri Johor on 30 November 2014.

There are minor changes in the tenancy profile. However, the composition of the tenancy profile remains the same as the previous Valuation Report.

### **MARKET CONDITION**

The Malaysian economy registered growth of 5.6% in the first quarter of 2015 (4Q2014:5.7%), underpinned by the private sector demand. On the supply side, growth was supported by the major economic sectors. Moving forward, the Malaysian economy is expected to remain on a steady growth path. The underlying domestic macroeconomic fundamentals remain intact and solid. The domestic demand will remain the driver of growth amid lower oil prices. Investment activity is projected to remain resilient with continued capital spending by both private and public sectors. (Source; 1<sup>st</sup> Quarter 2015, Publication of Bank Negara Malaysia).

The property market in Johor is generally moderate and cautious sentiments prevail particularly after implementation of the Goods and Services Tax, imposition of higher Real Property Gains Tax and various Government's measures to curb speculative activities. Nevertheless, with the confidence in the economic growth and accommodative finance environment, the property market is expected to sustain. The prospects for the Johor property market is favourable capitalizing on its synergies with Singapore to complement each other as an economic hub, economic developments spurred by Iskandar Malaysia and benefit from the spillover effects of major infrastructure developments and large scale foreign investments in the region.

We note that the office market in Johor Bahru city generally remains stable since our previous valuation.





**MARKET VALUE**

**Investment Method**





We have reassessed the market value of Menara KOMTAR with the updated details and have adopted the same parameters in the Investment Method as per our previous valuation report dated 23 July 2014 with the exception of monthly outgoings which we have increased slightly in line with the prevailing market. We have increased the outgoings for the term from RM1.44 per sq. ft. to RM1.47 per sq. ft. and reversion from RM1.50 per sq. ft. to RM1.53 per sq. ft.

**Comparison Method**

Under this method, an estimate of the market value is derived by comparing the property under valuation with other similar properties that had been sold in the recent past.

We note that there was an office building transaction in year 2013 in Johor Bahru City. However, it was only disclosed and recorded by Valuation and Property Services Department, Ministry of Finance, Malaysia after the date of previous valuation. As such, we have taken into consideration the above new sale evidence together with selective latest sale transactions of similar type of office buildings with similar quality and grade in other region of Malaysia.

**Table 5.0: Details Of The Sale Transactions And Comparison Method**

		COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
				
a	Property	Menara Zurich, No. 15, Jalan Dato' Abdullah Tahir, Johor Bahru, Johor	Kompleks Tun Sri Lanang (also known as Jaya 99), No. 99, Jalan Tun Sri Lanang, Melaka	Menara PJD, No. 50, Jalan Tun Razak, Kuala Lumpur
b	Description of the Building	An 30-storey purpose-built commercial building	An 18-storey purpose-built commercial building consisting of two (2) office towers (9-level and 10-level) sitting atop a 7-level podium block with a mezzanine floor	A 28-storey purpose built office building comprising 5 levels of retail space, 8 levels of elevated car park, 16 levels of office space and a link bridge to the Titawangsa Light Rail Transit Station
c	Tenure	Interest In Perpetuity	99-year leasehold tenure expiring on 7th October 2109 (unexpired term of about 95.3 years)	Interest In Perpetuity
d	Year Of Completion	2002	2011	2009
e	Net Lettable Area ("NLA") (Sq. Ft.)	345,000	227,662	445,112
f	No. of Car Parks (Bays)	600	551	560
g	Consideration	RM115,500,000	RM86,000,000	RM220,000,000
h	Date of Transaction	10-Sep-13	16-Aug-12	31-Dec-13
i	Vendor	Zurich Insurance Malaysia Berhad	Johan Kembara Sdn Bhd	PJD Land Sdn Bhd
j	Purchaser	Luxury Connection Sdn Bhd	Maybank Trustees Berhad (formerly known as Mayban Trustees Berhad), the trustees for AmFIRST REIT	Able Starship Sdn Bhd
k	Source	Valuation and Property Services Department, Ministry of Finance, Malaysia	Bursa Malaysia Securities Berhad	
	Analysis (Per Sq. Ft.)	RM334.78	RM377.75	RM494.26
	Adjusted Value (Per. Sq. Ft.)	RM435.22	RM434.42	RM444.83
	Adjustment Factor Considered	Market condition (time), location & accessibility, building, size, tenure and car park.		
	Adjusted Value (Per. Sq. Ft.)	RM435.22	RM434.42	RM444.83
				RM418.87



- (a) In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 which is the only Sale Comparable within Johor Bahru City having more similarities in term of location and building characteristic against Menara KOMTAR.
- (b) We have adopted the adjusted value of RM435.22 per sq. ft. from the adjustment of Comparable 1 as a fair representation which translate into a market value of RM69,892,431 and rounded up the market value to RM69,900,000.

**Reconciliation Of Values**

The market value of Menara KOMTAR derived by the Investment Method of Valuation is RM70,000,000/- whilst the Comparison Method of Valuation is RM69,900,000/-

We have adopted the market value derived from the Investment Method as a fair representation of the market value of Menara KOMTAR in view of the fact that it is an income generating investment property subject to the existing tenancies.

The net initial yield of Menara KOMTAR is 7.76%

**OPINION OF VALUE**

Having regard to the foregoing, taking into consideration all pertinent factors and based upon our reassessment of relevant market data, we are of the opinion that the market value of the legal interest in Menara KOMTAR, subject to existing tenancies and the block strata title when issued will be free of all encumbrances, good, marketable and registrable is RM70,000,000 (Ringgit Malaysia Seventy Million Only).

For And On Behalf Of  
CHESTON INTERNATIONAL (KL) SDN. BHD.

A handwritten signature in black ink, appearing to read "G PAREMES SIVAM", written over a horizontal line.

**G PAREMES SIVAM, FRISM, MRICS, MPEPS, MIPPM  
CHARTERED SURVEYOR  
REGISTERED VALUER, V-480**



18 April 2014

Chartered Surveyors  
International Property Consultants  
Registered Valuers, Real Estate Agents  
Property Managers, Plant & Machinery Valuers

**Damansara REIT Managers Sdn Berhad**  
**(on behalf of AmanahRaya Trustee Berhad,**  
**as the proposed Trustee of Al-Salām REIT)**  
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Dear Sirs,

**VALUATION OF @ MART KEMPAS COMMUNITY HYPERMARKET IDENTIFIED AS PTD 165998, MUKIM OF TEBRAU, DISTRICT OF JOHOR BAHRU, JOHOR DARUL TAKZIM, HELD UNDER TITLE NO. HS(D) 510051 (“@MART KEMPAS COMMUNITY HYPERMARKET”)**

We were instructed by Damansara REIT Managers Sdn Berhad (“DRMSB”), to conduct valuation of @Mart Kempas Community Hypermarket for the purposes of submission to the Securities Commission Malaysia for approval in conjunction with the proposed establishment of Al-Salām REIT.

This Valuation Certificate is prepared for the purposes of inclusion in the prospectus of Al-Salām REIT and is to be read in conjunction with our Valuation Report bearing reference no. V/Al-Salām/3388813/A.

The relevant date of valuation of the above legal interest is 15 April 2014.

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

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 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”.

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**1.0 SALIENT DETAILS OF @MART KEMPAS COMMUNITY HYPERMARKET**

**1.1 Interest Valued / Type of Property**

The 99-year leasehold interest expiring on 23 January 2106 (unexpired term of about 91.84 years) in a single storey purpose built hypermarket known as @Mart Kempas Community Hypermarket.

**1.2 Name and Address**

Premises No. 10, Jalan Persiaran Tanjung, Taman Cempaka, 81200 Johor Bahru, Johor Darul Takzim.

**1.3 Location**

The @Mart Kempas Community Hypermarket is located within Taman Cempaka which is sited off the eastern side of Senai Highway travelling from Bandar Baru Uda towards Taman Sutera Utama and off the northern side of Jalan Tampoi travelling from Senai Highway towards Damansara Aliff. Johor Bahru City Centre is located about 13 kilometres to the south-east whilst the Senai International Airport is located about 22.9 kilometres to the north-west.

**1.4 Title Particulars**

Lot No.: PTD 165998, Title No. HS (D) 510051, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim.  
 Land Area: 46,633.741 square metres (501,961 square feet).  
 Tenure: 99-year leasehold interest expiring on 23 January 2106.  
 Category of Land Use: Building.  
 Registered Proprietor: Damansara Assets Sdn. Bhd. ("DASB")

The title of @Mart Kempas Community Hypermarket carries a restriction in interest which stipulates that "Petak-petak bangunan yang didirikan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik degan apacara sekalipun kepada orang Bukan Bumiputera/Syarikat Bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri".

Our enquiries with the State Authority and based on consultation with Solicitors, Abdul Raman Saad & Associates, revealed that property market industry in Johor well aware and knowledgeable of the above Bumiputera restriction in interest and written consent in respect of the aforesaid restriction in interest will not be unreasonably withheld. We also note that @Mart Kempas Community Hypermarket is an investment property located within a well established strategic location. Our investigation also revealed that there is adequate Bumiputera purchaser market in the country to acquire such a good yielding investment property. In light of the above, the Bumiputera restriction in interest will not have any material impact on the saleability and the Market Value of @Mart Kempas Community Hypermarket.

**1.5 Property Description**

The subject site is a regular shaped parcel of corner plot. The building is constructed of steel portal frame supporting steel purlins, rafters and trusses laid over with metal deck roofing sheets incorporating perspex sheets to enhance natural lighting underlaid with fibretax rockwool and aluminium foil sisalation further concealed behind metal fascia. It has floor to eaves and ridge levels of about 8 metres (26.3 feet) and 12.38 metres (40.6 feet), respectively.

**1.6 Gross Floor Area**

15,279.98 square metres (164,460.00 square feet).

**1.7 Net Lettable Areas ("NLA")**

We note that generally the hypermarkets in Malaysia are tenanted/leased to a single hypermarket operator by the Landlord on an en bloc basis (Head Lease/Tenancy) on a long term lease/tenancy with upward rent reversion every three years. The NLA of the Hypermarket is the entire hypermarket and the rental rate payable is analysed over the entire area. Hypermarket operators utilise majority of the space for their own use and sub-let part of the space to other multiple tenants. The standard terms and conditions are landlord will be responsible for statutory outgoings and insurance whilst rest of the expenses are the responsibility of the lessee/tenant. We note that the majority of the latest Sale Transactions of hypermarkets in Malaysia are tenanted to a single tenant/lessee.



However, @Mart Kempas Community Hypermarket is managed by the owner similar to a shopping/retail complex where the hypermarket is tenanted/leased to multiple tenants of various trades. The hypermarket is configured to cater for various types of shops with various sizes and trades and corridors & pathways have been created in order to establish maximum exposure for every shop. Different zones have been established according to the type of trades. The target market of the hypermarket is low and medium income group.

As majority of the sale comparables are based on the single tenant/lessee basis, in adopting the Comparison Method of Valuation, to be consistent, we have computed and adopted the NLA on the similar basis of Single Tenancy/Lessee.

The rental revenue of @Mart Kempas Hypermarket is based on the NLA of the shops excluding the corridors and pathways. Thus, in adopting the Investment Method, we have considered the NLA based on Multiple Tenancies. The two bases of NLA of @Mart Kempas Hypermarket adopted in the valuation are as follow:-

- (i) Based on Single Tenancy/Lessee  
14,232.70 square metres (153,188.00 square feet).
- (ii) Based on Multiple Tenancies  
9,112.89 square metres (98,083.00 square feet).

**1.8 Car Park**

478 surface car parking bays and 221 motorcycle parking bays.

**1.9 Planning Details**

@Mart Kempas Community Hypermarket is located within an area designated for commercial use. It was issued with a Certificate of Completion and Compliance dated 28 December 2010 and a Certificate of Completion of Renovation dated 16 July 2013. The Approved Building Plans and Approved Renovation Plans of @Mart Kempas Community Hypermarket were dated 10 November 2010 and 31 January 2013, respectively.

**1.10 Tenancy Profile**

As at the date of valuation, @Mart Kempas Community Hypermarket enjoys an occupancy rate of about 95.75%.

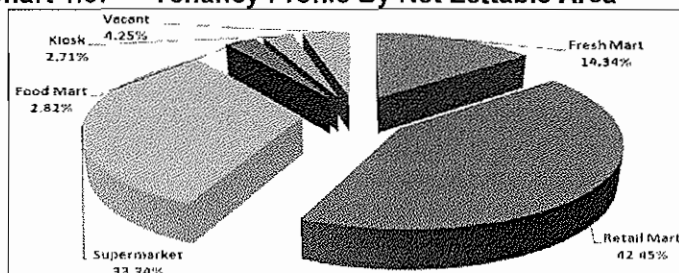
**1.10 (a) Tenancy Trade Profile By Net Lettable Area And Rental Income**

The category of the tenant comprises supermarket, retail mart, fresh mart, food mart and kiosk.

We note that no tenant is related to the owner, DASB.

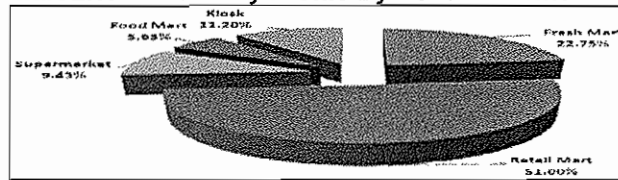
The retail mart represent the major tenant mix of the hypermarket at 42.45% of the total NLA area and 51.00% of the total gross rental income whilst the fresh mart accounting 14.34% of total NLA and contributing 22.75% of the total gross rental income. Supermarket occupies about 33.34% of the total NLA and contributing 9.43% of the total gross rental income. Food mart and kiosk represent 2.82% and 2.71% of the NLA, respectively and contributing 5.63% and 11.20% of the total gross rental income, respectively.

**Chart 1.0: Tenancy Profile By Net Lettable Area**





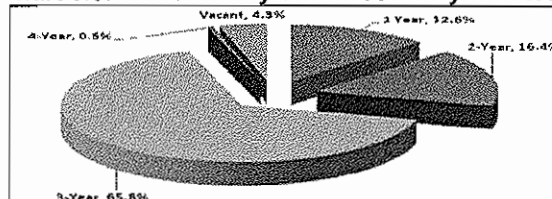
**Chart 2.0: Tenancy Profile By Rental Income**



**1.10 (b) Tenancy Term Profile By Net Lettable Area**

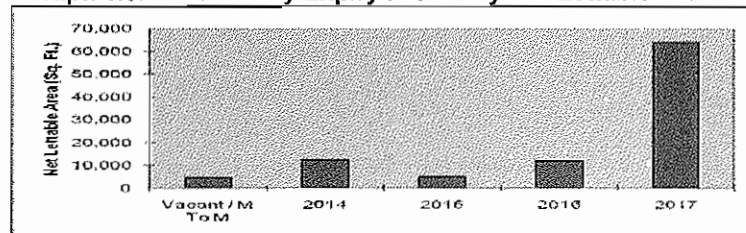
The tenancies are let on 1-year to 4-year terms. 1-year and 2-year term tenancies comprise about 10.8% (65 tenants) and 18.3% (28 tenants), respectively, and mainly consist of tenants of fresh mart, food court and kiosks. The remaining 65.8% (65 tenants) of the tenancies are 3-year and 4-year term tenancies, mainly of retail mart and anchor tenants. The tenancies are with options to renew for further similar terms.

**Chart 3.0: Tenancy Term Profile By Net Lettable Area**



The tenancy expiry profile of @Mart Kempas Community Hypermarket is as follow:-

**Graph 1.0: Tenancy Expiry Profile By Net Lettable Area**



Overall about 65.3% of the tenancies will expire in year 2017 followed by 12.9% in 2014 and 12.1% in year 2016. About 5.1% will expire in year 2015 and the remaining 4.25% is vacant.

**1.11 Property Performance**

The historical operating performance of @Mart Kempas Community Hypermarket as provided by DASB is tabulated below.

**Table 1.0: Historical Operating Performance Of @Mart Kempas Community Hypermarket**

For Year Ended	1st March 2011 - 31st December 2011 (10 Months)	1st January 2012 - 31st December 2012	1st January 2013 - 31st December 2013	1st January 2014 - 15th April 2014 (3.5 Months)
Average Occupancy Rate	86.86%	95.54%	97.49%	96.22%
Gross Rental Receivable	RM3,578,339	RM5,432,729	RM5,918,860	RM1,989,889
Total Other Revenue *	RM209,045	RM282,549	RM466,777	RM117,450
<b>Total Gross Income</b>	<b>RM3,787,384</b>	<b>RM5,715,277</b>	<b>RM6,385,637</b>	<b>RM2,107,339</b>
Total Outgoings **	RM2,385,237	RM2,921,588	RM2,908,783	RM979,236
<b>Net Income</b>	<b>RM1,402,146</b> (RM1.19 per sq. ft.)	<b>RM2,793,689</b> (RM2.37 per sq. ft.)	<b>RM3,476,854</b> (RM2.95 per sq. ft.)	<b>RM1,128,103</b> (RM0.96 per sq. ft.)

Source: DASB.

Notes: -

\* Total other revenue comprises rental from promotion area and tele-communication rooms.

\*\* Outgoings include expenses of administration, general, personal, marketing & promotion, repair & maintenance, security, housekeeping, utilities, assessment, quit rent and insurance.



**2.0 MARKET VALUE**

**2.1 Date Of Valuation And Inspection**

15 April 2014

**2.2 Valuation Methodology**

In arriving at our opinion of the Market Value of @Mart Kempas Community Hypermarket, we have adopted the Investment, Comparison and Cost Methods of Valuation.

**2.3 Investment Method**

This method is premised on the principle that the value of an income-producing property is represented by "the present worth of future rights to income, or utility". The value estimated under this method is derived by ascertaining the market rent of the property (i.e. that income which is ascribable to the property under its highest and best use); deducting all reasonable operating expenses (as would be experienced under typical management) and then capitalising the resultant net income by an appropriate rate of capitalisation to obtain the present value of the income stream.

**2.3.1 Term**

Average Gross Rental: **RM5.39** per sq. ft. per month over total NLA.  
 Other Revenue: **RM40,165** per month  
 Outgoings: **RM2.50** per sq. ft. per month  
 Capitalisation Rate: **6.50%** adopted for the term

**2.3.2 Reversionary**

Average Gross Rental: **RM6.31** per sq. ft. per month on fully tenanted basis.  
 Other Revenue: **RM40,165** per month  
 Void Allowance: **3%**  
 Outgoings: **RM2.60** per sq. ft. per month over total NLA  
 Capitalisation Rate **7.00%** adopted for the reversion

**2.3.3 Gross Rental**

We note that generally the tenancies are let on 1-year to 4-year terms with options to renew for similar terms. The tenancies are subject to rent review on an annual basis at prevailing market rate. However, in arriving at our opinion of the Market Value, we have maintained the first year rental throughout the term as fair representation.

Upon expiry of the tenancy (reversion), the rent is reverted to Market Rent. Our assessment of the Market Rent of @Mart Kempas Community Hypermarket upon reversion is based on the analysis of market rental of other similar type of hypermarkets in Johor Bahru. In arriving at our opinion of the Market Rental of @Mart Kempas Community Hypermarket upon reversion, we have taken into consideration the rental evidences of other hypermarkets as tabulated below.

No.	Hypermarket	Tenancy /Lease Period	Floor	NLA (Square Feet)	Monthly Rental (Per sq. ft.)
1	Aeon Bukit Indah Shopping Centre (Jusco Bukit Indah), Johor Darul Takzim	2013	Ground	1,733 to 2,185	RM4.00 - RM9.50
			1st	345 to 592	RM17.34 - RM17.87
			2nd	818	RM11.50
2	Giant Hypermarket Southern City, Johor Darul Takzim	2013	Ground	260 to 690	RM12.75 - RM18.73
3	Giant Hypermarket Tampoi, Johor Darul Takzim	2013	Ground	205 to 398	RM8.90 - RM29.00
				506 to 528	RM6.90 - RM26.50
4	Today Market, Johor Darul Takzim	2013	Ground	205 to 409	RM9.76 - RM22.95
				560 to 840	RM6.00 - RM13.50
5	Pasaraya Pandan, Johor Darul Takzim	2013	Ground	205 to 219	RM10.32 - RM16.67
6	KIP Mart Hypermarket Tampoi, Johor Darul Takzim	2013	Ground	43 to 97	RM26.56 - RM52.10
				129 to 172	RM13.14 - RM32.00
				215 to 355	RM13.64 - RM16.59
				2,725 to 3,122	RM1.87 - RM2.61



7	KIP Mart Hypersmarket Masai, Johor Darul Takzim	2013	Ground	54 to 65	RM30.50 - RM36.00
				129 to 388	RM10.80 - RM18.75
8	Giant Hypersmarket Skudai, Johor Darul Takzim	2013	Ground	205 to 517	RM1.16 - RM3.22
9	KIP Mart Hypersmarket Kota Tinggi, Johor Darul Takzim	2013	Ground	129 to 172	RM9.88 - RM14.73
10	Giant Hypersmarket Muar, Johor Darul Takzim	2013	Ground	214 to 916	RM1.00 - RM12.00
				1,182 to 3,004	RM1.00 - RM4.00
			1st	415 to 975	RM1.00 - RM10.00
11	KIP Mart Hypersmarket Segamat, Johor Darul Takzim	2013	Ground	1,139 to 2,726	RM1.50 - RM6.00
				50 to 128	RM21.87 - RM28.00
				172 to 860	RM7.27 - RM14.81
				3,357 to 17,373	RM1.60 - RM3.00

Source: Property Market Report 2014 / Cheston Research

In undertaking our assessment of the Market Rental Value upon reversion, we have considered various factors comprising time, location, accessibility, tenant mix & positioning, building, services and facilities, size, past and existing occupancies, quality of the tenant/lessee and carefully assessed the current lease/tenancy profile.

Our assessment of the Market Rent of @Mart Kempas Community Hypersmarket upon reversion is also based on the analysis of it's past years rental trend which we note upward rent review of 10 % during the major rent review upon renewal of the tenancy. We also note that in accordance with First Schedule of the Tenancy Agreements, upon reversion, the rent to be adjusted 10% over and above the existing monthly rental sum OR prevailing market rental at the time of renewal, whichever is higher.

In light of the above, adoption of a fixed 10% upward adjustment during the major rent review upon renewal is fair representation, reasonable and is in line with the practise in the retail market industry.

The average market rent adopted in respect of @Mart Kempas Community Hypersmarket is RM6.31 per sq. ft. per month which is in line with other similar grade hypersmarkets in Johor Bahru city and other similar regions in Malaysia.

#### 2.3.4 Car Park Revenue

At present, the management of @Mart Kempas Community Hypersmarket does not impose car park charges to patrons. However, minimal car park charges will be levied in the future which can contribute to its revenue. However, in arriving at our opinion of the Market Value, we did not reflect any car park revenue.

#### 2.3.5 Outgoings

The net rent is arrived which is the residue of gross annual market rent of @Mart Kempas Community Hypersmarket less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.

The annual outgoings of @Mart Kempas Community Hypersmarket for year ended 31st December 2011 (10 months), 31st December 2012, 31st December 2013 and from 1st January 2014 up to 30th April 2014 (4 months) are tabulated below: -

**Table 2.0: Annual Outgoings and Outgoings Rates Adopted**

For Year Ended	Annual Outgoings (RM)	Analysis Per sq. ft. (RM)
As At 31st December 2011 (10 months)	2,385,237	2.43
As At 31st December 2012	2,921,588	2.48
As At 31st December 2013	2,908,783	2.47
From 1st January 2014 - 30th April 2014 (4 months)	977,236	2.49
Adopted in Valuation as at 15th April 2014 (Term)	2,940,924	2.50
Adopted in Valuation as at 15th April 2014 (Reversion)	3,054,342	2.60

Source: DASB





We have analysed past 3 years annual outgoings of @Mart Kempas Community Hypermarket and made diligent adjustments to arrive at the fair outgoings.

Investigation also made on annual outgoings of other hypermarkets, shopping/retail centres and necessary adjustments were made before arriving at the fair annual outgoings of @Mart Kempas Community Hypermarket.

Annual outgoings of other shopping/retail centres and hypermarkets are tabulated below.

**Table 3.0: Annual Outgoings Of Shopping/Retail Centres/Hypermarkets**

No.	Shopping Mall	NLA (Square Feet)	Outgoings* (Per sq. ft.)
1	Sunway Carnival Mall, Seberang Jaya, Penang	461,385	RM2.20 – RM2.30
2	Gurney Plaza, Georgetown, Penang	866,984	RM2.50 – RM3.00
3	Sungai Wang Plaza, Kuala Lumpur	448,404	RM2.50 – RM2.70
4	Sunway Pyramid Shopping Mall, Bandar Sunway, Petaling Jaya, Selangor	1,685,568	RM2.70 – RM3.00
5	The Mines, Seri Kembangan, Selangor	716,890	RM2.50 – RM2.70
6	East Coast Mall, Kuantan, Pahang	471,371	RM2.50 – RM2.70
7	Tesco Bukit Indah, Johor	233,579	RM0.17 **
8	SunCity Ipoh Hypermarket, Ipoh, Perak	181,216	RM0.15 **
9	Giant Hypermarket Sungai Petani, Kedah	138,000	RM0.18 **

Source: Bursa Malaysia Securities Berhad/Cheston Research

Note : \* As at the date of transaction

\*\* The Landlord is responsible for quit rent, assessment and insurance only.

Based on the above analysis, we have adopted annual outgoings of RM2.50 per sq. ft. per month for the current term, and RM2.60 per sq. ft. per month for the reversion which is considered fair representation of the monthly outgoings of @Mart Kempas Community Hypermarket.

### 2.3.6 Rent Loss Adjustment /Vacancy Allowance

The occupancy rates of @Mart Kempas Community Hypermarket for the past three (3) years are tabulated below:-

1st January 2012 - 31st December 2012	1st January 2013 - 31st December 2013	1st January 2014 - 15th April 2014) (3.5 Months)
95.54%	97.49%	95.75%

@Mart Kempas had achieved an average occupancy rate of 96.5% for the full financial years ending 2012 and 2013 and 95.75% for the first 3.5 months of 2014. Other hypermarkets in Malaysia are tenanted to single tenant/lessee on long term leases/tenancies with 100% occupancy.

Taking into consideration the general trend of retail vacancy for similar type of properties, achieved occupancy rates of past years of @Mart Kempas Community Hypermarket and the duration of the rent free allowance based on prevailing market practise, we have allocated 3% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation upon reversion.



### 2.3.7 Yield / Capitalisation Rate

We have adopted a market corroborated capitalisation rate to arrive at the capital value of @Mart Kempas Community Hypermarket. In arriving at our opinion of the appropriate capitalisation rate using the above methodology, thorough examination and analysis of several recent sales of hypermarkets were carried out.

We note that all the transacted hypermarkets in Peninsular Malaysia have been tenanted/leased to single tenants/lessees and there is dearth of transaction of hypermarket tenanted/leased to multiple tenants.

Notwithstanding, exercising judgment based on our experience in the industry, we have analysed yields of transacted hypermarkets tenanted/leased to single tenants.

Exercising judgment based on our experience in the industry, we have compared the relative investment characteristics of @Mart Kempas Community Hypermarket and the sale evidences. We have made necessary diligent adjustments to arrive at the fair capitalisation rate of @Mart Kempas Community Hypermarket. We have given emphasis on the location, quality and characteristic of @Mart Kempas Community Hypermarket. We have also taken into account the current economic condition, the existing and future demand and supply of hypermarkets in the locality prior to arriving at the fair capitalisation rate.

The above yield analysis reveals that, yields of hypermarkets in Peninsular Malaysia range from 6.7% to 7.3% depending on the market condition (time), location, accessibility, tenant mix & positioning, tenancy profile, building, design, quality, facilities and services, occupancy, rental profile, size and tenure.

Having considered the above and other relevant factors and carefully analysing the current lease/tenancy profile, we have adopted reversionary yield of 7.0% whilst the adopted term yield is 6.5% which reflects the security of the existing tenancies, certain, increasing rental trend and quality of the tenants.

The additional spread of 50 basis points (bps) on the reversionary yield is to reflect a higher risk on the future tenancies, Malaysian economy and the future revenue. The above rates adopted are in line with our analysis of prevailing market yields of hypermarkets in Peninsular Malaysia.

## 2.4 Comparison Method

The Comparison Method is premised on the principle that comparison is made for the property under valuation with sales of other similar properties. Where dissimilarities exist, adjustments are made.

Under this method, an estimate of the market value is derived by comparing the property under valuation with other similar properties that had been sold in the recent past.

In determining the value by this method, a survey was made for property sales that have occurred in this or similar areas within the recent past. These comparable sale prices are then adjusted for comparability to reflect differences in time, location and accessibility, tenant mix, tenant profile, building, design, quality, facilities and services, age, condition, size and tenure to render the sold properties as similar as possible with @Mart Kempas Community Hypermarket.

We have analysed and made diligent adjustments for differences of the comparable sale transactions against @Mart Kempas Community Hypermarket. The sale evidences range from RM303.51 per sq. ft. to RM360.92 per sq. ft. After making the necessary adjustments, the adjusted values range from RM394.56 per sq. ft. to RM415.05 per sq. ft.



Table 4.0: Details Of The Sale Transactions And Comparison Method

		COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
a)	Building	Tesco Bukit Indah, Johor Darul Takzim	Giant Hypersupermarket Klang Sentral, Selangor Darul Ehsan	SunCity Ipoh Hypermarket, Perak Darul Ridzuan
b)	Address	No. 1, Jalan Bukit Indah 15, Taman Bukil Indah, 81200 Johor Bahru, Johor Darul Takzim	No. 2, Persiaran Klang Sentral 4, Taman Klang Sentral, Bukit Raja, Meru, 41050 Klang, Selangor Darul Ehsan	No. 2, Jalan SCI 2/2, Bandar Sunway Ipoh, 31150 Ipoh, Perak Darul Ridzuan
c)	Description	A Two Storey Purpose Built Hypermarket	A Single Storey Purpose Built Hypermarket	A Single Storey Purpose Built Hypermarket With A Mezzanine Floor
d)	Land Area (Sq. Ft.)	422,370	261,360	354,994
e)	NLA (Based On Single Tenancy) (Sq. Ft.)	233,579	162,087	181,216
f)	No Of Car Park Bays	1,096	500	400
g)	Lease/Tenancy Details	Leased to TESCO Stores (Malaysia) Berhad for a term of 30 years commencing from 19 March 2010 to 18 March 2040	Leased to GCH (Retail) Sdn Bhd for a term of 30 years commencing from July 11 to July 2041	Leased to GCH (Retail) Sdn Bhd for a term of 3 years commencing from 27 April 11 to 26 April 2014
h)	Building Size (Gross Floor Area) (Sq. Ft.)	308,128	173,400	193,408
i)	Year Of Completion	2009	2010	2005
j)	Consideration	RM75,600,000	RM58,500,000	RM55,000,000
k)	Date Of Transaction	1-Oct-10	25-Jul-11	8-Jul-10
l)	Tenure	Interest In Perpetuity	Interest In Perpetuity	99-year leasehold interest expiring on 22nd February 2100
m)	Vendor	Bukit Indah (Johor) Sdn Bhd	Pin Hwa Properties Sdn Bhd	Peluang Klasik (M) Sdn Bhd
n)	Purchaser	RHB Trustees Berhad (Formerly known as OSK Trustees Berhad) On Behalf of Axis REIT	Kwasa Properties Sdn Bhd	Sunway Real Estate Investment Trust (Sunway REIT)
o)	Source	Bursa Malaysia Securities Berhad		
	Analysis (Per Sq. Ft.)	RM323.66	RM360.92	RM303.51
	Adjustment Factors Considered	Time, Tenant Mix/Profile And Tenure.		
	Adjusted Sales Price (Per Sq. Ft.)	RM404.57	RM415.05	RM394.56

- (a) In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 which is the only suitable transaction of hypermarket located in Johor Bahru.
- (b) We have adopted the adjusted value of RM404.57 per sq. ft. from the adjustment of Comparable 1 as a fair representation which translate into a market value of RM61,975,888.24 and rounded up to RM62,000,000.00.

## 2.5 Cost Method

In essence, this method entails the summation of the market value of land and Depreciated Replacement Cost (“DRC”) of the building.

Cost Method is the common method as it can be applied to wide range of assets. The Cost Method estimates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. It is based on the principle of substitution, i.e. that unless undue time, inconvenience, risk or other factors are involved, the price that a buyer in the market would pay for the asset being valued would not be more than the cost to construct an equivalent asset.

In assessing what he might be prepared to pay for a property, a potential purchaser may consider as an alternative to acquiring @Mart Kempas Community Hypermarket by buying a similar type of land and constructing a similar building having the same utility and function. This represents the maximum that a potential purchaser would be prepared to pay for the property.

In arriving of the Market Value of the land, we have adopted the Comparison Method. In determination of value by this method, a survey was made of commercial land sales that have occurred in this or similar areas within the recent past. These comparable sale transactions are then adjusted for comparability to reflect differences in time, location and accessibility, corner/end premium, tenure and size to render the sold properties as similar as possible with @Mart Kempas Community Hypermarket.



We have compiled and analysed sale evidences of similar types of commercial land in the vicinity and neighbourhood of @Mart Kempas Community Hypermarket. In arriving at our opinion of the market value of @Mart Kempas Community Hypermarket using the Comparison Method, the following sale evidences, amongst others, are considered suitable comparables and adopted.

Table 5.0: Details Of The Sale Transactions And Comparison Method

	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Lot	Lot 135498, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim	PTD 62906, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim	PT 163189, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim	PT 205103, Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim
Title No	Geran 455462	HS(D) 187254	HS(D) 501209	HS(D) 482103
Location	Along Jaian Nakhoda 1, Taman Ungku Tun Aminah, Skudai, Johor Darul Takzim	Along Jalan Kempas Baru, Off Lebuhraya Pasir Gudang, Kempas, Johor Darul Takzim	Off Persiaran Dato Onn, Bandar Dato' Onn, Johor Darul Takzim	Jalan Masai Baru / Lebuhraya Pasar Gudang Off Jalan Masai Lama, Plentong, Johor Darul Takzim
Property Type	A Parcel of Commercial Land	A Parcel of Commercial Land	A Parcel of Commercial Land	A Parcel of Commercial Land
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity
Land Area	75,315 Sq. Ft.	126,820 Sq. Ft.	581,617 Sq. Ft.	275,413 Sq. Ft.
Consideration	RM11,000,000	RM14,563,405	RM45,000,00	RM31,672,518
Date Of Transaction	4 January 2013	1 November 2012	23 July 2012	14 September 2011
Vendor	Family Food Courts Sdn Bhd	Elegant Intergrate Sdn Bhd	Johor Corporation	Tristar Golden Sdn Bhd
Purchaser	Everspring Development Sdn Bhd	Wealth Growth Sdn Bhd	Renalcare Perubatan (M) Sdn Bhd	Wealth Growth Sdn Bhd
Source	Valuation and Property Services Department, Ministry of Finance			
Analysis (Per Sq. Ft.)	RM146.05	RM114.83	RM77.37	RM115.00
Adjustment Factors Considered	Market Condition, Location & Accessibility, Size, Shape, Terrain And Tenure.			
Effective Adjusted Value (Per Sq. Ft.)	RM76.68	RM80.38	RM77.37	RM86.25

We have analysed and made diligent adjustments for differences of the comparable sale transactions against @Mart Kempas Community Hypermarket. We note that the sale evidences range from RM77.37 per sq. ft. to RM146.05 per sq. ft. After making the necessary adjustments the adjusted values range from RM76.68 per sq. ft. to RM86.25 per sq. ft.

In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 which is the latest transaction. We have adopted the adjusted value of RM76.68 per sq. ft. from the adjustments of Comparable 1 as fair representation which translates into a market value of the commercial land of RM38,489,331.67.

The building component is arrived at by the DRC Method which is derived from the Gross Current Reproduction / Replacement Cost New ("GCRCN") and deducting there from the accrued depreciation comprising physical, functional and economical obsolescences. The original development cost of @Mart Kempas Community Hypermarket which was completed in 2010 as provided by DASB is RM25,398,040.46.

In arriving at GCRCN of @Mart Kempas Community Hypermarket, we have adopted RM170 per sq. ft. of the subject building, after taking into consideration the actual construction cost of the subject building, construction cost of similar type of buildings, made reference to the records of other similar developments, made reference with various contracts awarded, made enquiries with the contractors and quantity surveyors and made reference to JUBM and Langdon Seah Construction Cost Handbook Malaysia 2014. The GCRCN of @Mart Kempas Community Hypermarket is RM28,679,942.09.

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

The DRC of the Building is RM26,385,546.72. The Market Value derived from the Cost Method is RM64,874,878.39 and we have rounded up to RM64,900,000.00.



**2.6 Reconciliation Of Values**

The market values derived by adopting the valuation methods are tabulated below.

**Table 6.0: Reconciliation of Values**

Method of Valuation	Market Value
Investment Method	RM65,000,000
Comparison Method	RM62,000,000
Cost Method	RM64,900,000

@Mart Kempas Community Hypermarket is an income generating investment property and we have given greater emphasis on the Investment Method as a more reliable and appropriate method of valuation. The market value of an investment property is a function of the future income stream. The cash flows of an investment property are subject to the specific nature of the particular investment property and the lease/tenancy terms.

We also have adopted the Comparison and Cost Methods to ascertain the reasonability of the Market Value derived from the Investment Method.

The Comparison Method is an appropriate method to be adopted for homogeneous properties with minimal dissimilarities which require less complicated adjustments. However, for income generating investment properties which are physically, functionally, economically and geographically complex where adjustments are numerous and more difficult to quantify, it will be difficult to make adjustments using the Comparison Method accurately.

The Cost Method is derived from the cost of the components and does not reflect the investment characteristics of @Mart Kempas Community Hypermarket which is an income generating investment property.

Nevertheless, the Comparison and Cost Methods provide a range of values and guide to the Market Value as details of sale comparables of hypermarkets, commercial land and Construction Cost New of the buildings and improvements are easily available. In light of the above, in arriving at our opinion of the market value of the @Mart Kempas Community Hypermarket, the Comparison and Cost Methods are adopted as guide and supportive methods to the Investment method.

Hence, we have considered the market value derived from the Investment Method as fair and accurate representation of the Market Value of @Mart Kempas Community Hypermarket supported by Comparison and Cost Methods.

The net initial yield of @Mart Kempas Community Hypermarket is 6.0%.

**3.0 OPINION OF VALUE**

Having regard to the foregoing, taking into consideration all pertinent factors and based upon our analysis of relevant market data, we are of the opinion that the market value of the 99-leasehold interest expiring on 23 January 2106 (unexpired term of about 91.84 years) in @Mart Kempas Community Hypermarket, a single storey purpose built hypermarket identified as PTD 165998, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim, held under Title No. HS(D) 510051, subject to the existing tenancies and the title being free of all encumbrances, good, marketable and registrable is RM65,000,000 (Ringgit Malaysia Sixty Five Million Only).

For And On Behalf Of  
**CHESTON INTERNATIONAL (KL) SDN. BHD.**

**G PAREMES SIVAM, FRISM, MRICS, MPEPS, MIPPM  
 CHARTERED SURVEYOR  
 REGISTERED VALUER, V-480**



Chartered Surveyors  
International Property Consultants  
Registered Valuers, Real Estate Agents  
Property Managers, Plant & Machinery Valuers

5 June 2015

**Damansara REIT Managers Sdn Berhad**  
(on behalf of AmanahRaya Trustee Berhad,  
as the Trustee of Al-Salām REIT)  
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E-mail: ckl@chestonint.com  
Website: www.chestonint.com

Dear Sirs,

**UPDATE VALUATION CERTIFICATE OF @ MART KEMPAS COMMUNITY HYPERMARKET IDENTIFIED AS PTD 165998, MUKIM OF TEBRAU, DISTRICT OF JOHOR BAHRU, JOHOR DARUL TAKZIM, HELD UNDER TITLE NO. HS(D) 510051 (“@MART KEMPAS COMMUNITY HYPERMARKET”)**

We were instructed by Johor Corporation (“JCorp”), to review our valuation of @Mart Kempas Community Hypermarket for the purposes of submission to the Securities Commission Malaysia for approval in conjunction with the proposed establishment of Al-Salām REIT.

This Update Valuation Certificate is prepared for the purposes of inclusion in the prospectus of Al-Salām REIT and is to be read in conjunction with our Valuation Report bearing reference no. V/Al-Salām/3388813/A dated 18 April 2014.

We have re-inspected the property on 1 June 2015 and the material date of the update valuation of the above legal interest is 1 June 2015.

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

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 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”.

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**TERMS OF REFERENCE**

The update valuation has been carried out based on the same Terms of Reference as stated in our previous valuation report dated 18 April 2014.

**TITLE PARTICULARS**

We have obtained Certified True Copy of the title of the subject property on 28 May 2015 at Johor Darul Takzim Land Registry and note that the title particulars remained unchanged as at the date of our previous Valuation Report.

**GENERAL DESCRIPTION**

As at the date of re-inspection, the physical state of the Subject Property remained unchanged since our previous Valuation Report.

**TENANCY PROFILE**

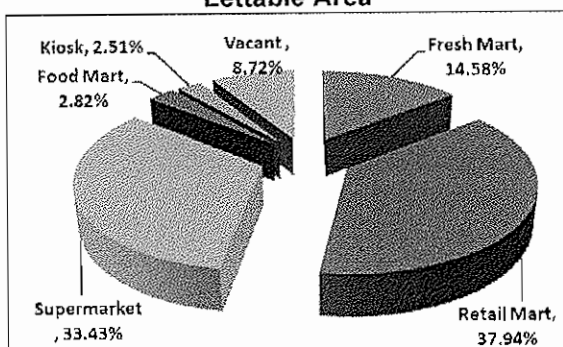
Based on the tenancy schedule dated 15 May 2015, the occupancy rate of @Mart Kempas Community Hypermarket has dropped from 95.75% to 91.28% mainly due to termination of an entertainment outlet by the Management to be in line with minimising non syariah compliant tenants within Al-Salam REIT premises. However, we were informed by the Management that potential replacement tenants have been identified and tenancy terms are under negotiation.

**(a) Tenancy Trade Profile By Net Lettable Area And Rental Income**

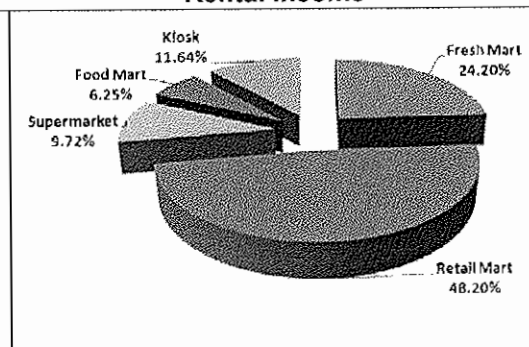
The category of the tenant comprises supermarket, retail mart, fresh mart, food mart and kiosk.

The retail mart remains the major tenant mix with 37.94% of the total NLA and contributing 48.20% of the total gross rental income whilst the fresh mart accounting for 14.58% of the total NLA and contributing 24.20% of the total gross rental income. Supermarket occupies about 33.43% of the total NLA and contributing 9.72% of the total gross rental income. Food mart and kiosk represent 2.82% and 2.51% of the NLA, respectively and contributing about 6.25% and 11.64% of the total gross rental income, respectively.

**Chart 1.0: Tenancy Profile By Net Lettable Area**



**Chart 2.0: Tenancy Profile By Rental Income**

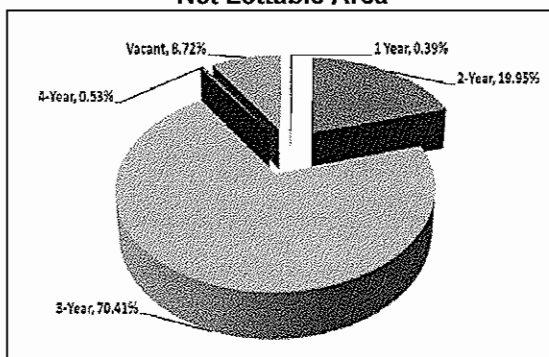




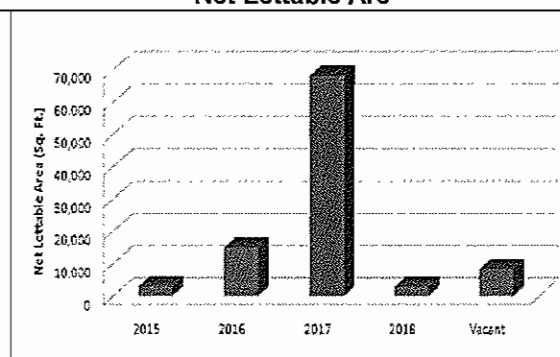
**(b) Tenancy Term Profile By Net Lettable Area**

1-year and 2-year term tenancies comprise about 0.39% (4 tenants) and 19.95% (96 tenants), respectively and mainly consist of tenants of fresh mart, food court and kiosks. The remaining 70.94% (98 tenants) of the tenancies are 3-year and 4-year term tenancies, mainly of retail mart and anchor tenants.

**Chart 3.0: Tenancy Term Profile By Net Lettable Area**



**Graph 1.0: Tenancy Expiry Profile By Net Lettable Area**



**(c) Tenancy Expiry Profile By Net Lettable Area**

We note that about 69.63% of the tenancies by NLA will expire in year 2017 followed by 15.41% in 2016 and 3.22% in year 2015. About 3.02% will expire in year 2018 and the remaining 8.72% is vacant and under negotiation.

**MARKET CONDITION**

The Malaysian economy registered growth of 5.6% in the first quarter of 2015 (4Q2014:5.7%), underpinned by the private sector demand. On the supply side, growth was supported by the major economic sectors. Moving forward, the Malaysian economy is expected to remain on a steady growth path. The underlying domestic macroeconomic fundamentals remain intact and solid. The domestic demand will remain the driver of growth amid lower oil prices. Investment activity is projected to remain resilient with continued capital spending by both private and public sectors. (Source; 1<sup>st</sup> Quarter 2015, Publication of Bank Negara Malaysia).

The property market in Johor is generally moderate and cautious sentiments prevail particularly after implementation of the Goods and Services Tax, imposition of higher Real Property Gains Tax and various Government's measures to curb speculative activities. Nevertheless, with the confidence in the economic growth and accommodative finance environment, the property market is expected to sustain. The prospects for the Johor property market is favourable capitalizing on its synergies with Singapore to complement each other as an economic hub, economic developments spurred by Iskandar Malaysia and benefit from the spillover effects of major infrastructure developments and large scale foreign investments in the region.

We note that the retail market in Johor Bahru city generally remains stable since our previous valuation.





## MARKET VALUE

### Investment Method

We have reassessed the market value of @Mart Kempas Community Hypermarket with the updated details and have adopted the same parameters in the Investment Method as per our previous valuation report dated 18 April 2014. However, we have increased the void factor from 3% to 5% to be consistent with the current drop in the occupancy rate of @Mart Kempas Community Hypermarket.

### Comparison Method

We have adopted the same comparables as per our previous valuation report dated 18 April 2014 as there were no new transactions of similar type of hypermarkets.

### Cost Method

We have adopted the same parameters as per our previous valuation report in the Cost Method.

### Reconciliation Of Values

The market value of @Mart Kempas Community Hypermarket derived from the Investment Method of Valuation is RM65,000,000/- , Comparison Method of Valuation is RM62,000,000/- and Cost Method of Valuation is RM64,300,00/-

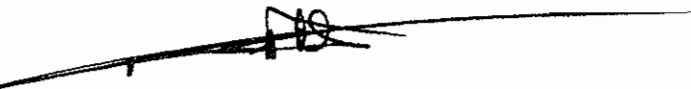
We have adopted the market value derived from the Investment Method as a fair representation of the market value of @Mart Kempas Community Hypermarket as it is an income generating investment property subject to the existing tenancies.

The net initial yield of @Mart Kempas Community Hypermarket is 5.7%

## OPINION OF VALUE

Having regard to the foregoing, taking into consideration all pertinent factors and based upon our reassessment of relevant market data, we are of the opinion that the market value of the the 99-leasehold interest expiring on 23 January 2106 (unexpired term of about 90.71 years) in @Mart Kempas Community Hypermarket, subject to existing tenancies and the title being free of all encumbrances, good, marketable and registrable is RM65,000,000 (Ringgit Malaysia Sixty Five Million Only).

For And On Behalf Of  
CHESTON INTERNATIONAL (KL) SDN. BHD.



G PAREMES SIVAM, FRISM, MRICS, MPEPS, MIPPM  
CHARTERED SURVEYOR  
REGISTERED VALUER, V-480



20 July 2014

**Damansara REIT Managers Sdn Berhad  
(on behalf of AmanahRaya Trustee Berhad,  
as the proposed Trustee of Al-Salām REIT)**

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International Property Consultants  
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Dear Sirs,

**VALUATION OF “KFC INTERNATIONAL COLLEGE” ON PRIVATE PLOT NO. PLOT 2 HELD UNDER PARENT LOT NO. PTD 168449, MASTER TITLE NO. HS(D) 511833, MUKIM OF TEBRAU, DISTRICT OF JOHOR BAHRU, STATE OF JOHOR [“KFCH INTERNATIONAL COLLEGE” (JOHOR BAHRU MAIN CAMPUS)].**

We were instructed by Damansara REIT Managers Sdn Berhad (“DRMSB”), to conduct valuation of “KFCH International College” (Johor Bahru main campus) for the purposes of submission to the Securities Commission Malaysia for approval in conjunction with the proposed establishment of Al-Salām REIT.

This Valuation Certificate is prepared for the purposes of inclusion in the prospectus of Al-Salām REIT and is to be read in conjunction with our Valuation Report bearing reference no. V/Al-Salām/3388813/B.

The relevant date of valuation of the above property is 15 April 2014.

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

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 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”.

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**1.0 SALIENT DETAILS OF “KFCH INTERNATIONAL COLLEGE” (JOHOR BAHRU MAIN CAMPUS).**

**1.1 Interest Valued / Type of Property**

The interest in perpetuity in a commercial land accommodating a four storey institutional block and other ancillary buildings known as “KFCH International College” (Johor Bahru main campus).

**1.2 Address**

No. 1, Jalan Dato’ Onn 1, Bandar Dato’ Onn, 81100 JOHOR BAHRU, Johor Darul Takzim.

**1.3 Location**

“KFCH International College” (Johor Bahru main campus) is located at No. 1, Jalan Dato’ Onn 1, Bandar Dato’ Onn, 81100 JOHOR BAHRU, about 14 km. north of Johor Bahru City centre.

**1.4 Title Particulars of the Parent Lot and Parent Title containing “KFCH International College” (Johor Bahru main campus)**

Parent Lot No.: PTD 168449, Parent Title No. HS(D) 511833, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim

Tenure of Parent Title: Interest in Perpetuity

Land Area (Parent Lot): 24,143.545 square metres (259,879 square feet)

Category of Land Use: Building

Registered Proprietor: Johor Land Berhad

The “KFCH International College” (Johor Bahru main campus) has been recently issued with an individual title on 20 July 2014 and is now identified as PTD 180682, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim, held under Title No. HS (D) 539995, having title land area of about 8,094 square metres (87,123 square feet) and the beneficial owner is Damansara Assets Sdn. Bhd. (“DASB”)

The title of “KFCH International College” (Johor Bahru main campus) carries a restriction in interest which stipulates that “Petak-petak bangunan yang didirikan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik dengan apacara sekalipun kepada orang Bukan Bumiputera/Syarikat Bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri”.

Our enquiries with the State Authority and based on consultation with Solicitors, Abdul Raman Saad & Associates revealed that property market industry in Johor well aware and knowledgeable of the above Bumiputera restriction in interest and written consent in respect of the aforesaid restriction in interest will not be unreasonably withheld. We also note that KFCH International College” (Johor Bahru main campus) is an investment property located within a well established strategic location. Our investigation also revealed that there is adequate Bumiputera purchaser market in the country to acquire such a good yielding investment property. In light of the above, the Bumiputera restriction in interest will not have any material impact on the saleability and the Market Value of “KFCH International College” (Johor Bahru main campus).

**1.5 Property Description**

The subject site is a rectangular shaped parcel of corner plot. The building comprises a 4-storey administrative cum academic block which is constructed of reinforced concrete framework with brick infills rendered externally and plastered internally supporting a timber pitched roof laid over with metal decking sheets as well as reinforced concrete flat roof at the centre of the building. Part of the front and side façades are lined with tinted glass curtain walls with both sides of the building are fixed with powder coated sun-shading structures.

**Table 1.0: Built-up area in accordance with the Uniform Method Of Measurement Of Buildings by the Royal Institution Of Surveyors Malaysia**

Built-Up Area	Gross Floor Area	
	Sq. m.	Sq. ft.
Four (4) storey administrative cum academic block	7,971.00	85,799 **
Reinforced concrete flat roof	359.20	3,866
<b>Total</b>	<b>8,330.20</b>	<b>89,665</b>

\*\* The main floor area stated in the Tenancy Agreement is 87,178 sq. ft. but the approved building plans for renovations done in 2010 shown that the main floor area totalling at 7,971 sq. metres (approx. 85,799 sq. ft.). Our valuation is therefore based on the main floor area extracted from the approved building plans.



**1.6 Planning Details**

“KFCH International College” (Johor Bahru main campus) is located within an area designated for commercial use. It is about 4 years old with the Certificate of Completion and Compliance issued on 8 October 2010. It was subsequently renovated in 2011 with approved renovation plans by the Majlis Bandaraya Johor Bahru dated 24 December 2010.

**1.7 Occupancy Status**

A Tenancy Agreement has been duly executed in respect of “KFCH International College” (Johor Bahru main campus) on 7<sup>th</sup> October 2010 made between Damansara Assets Sdn. Bhd. as the Landlord and SPM Restaurants Sdn. Bhd. as the Tenant. “KFCH International College” (Johor Bahru main campus) has been enjoying occupancy rate of 100% over the past 3 years.

**2.0 MARKET VALUE**

**2.1 Date Of Valuation And Inspection**

15 April 2014

**2.2 Valuation Methodology**

In arriving at the Market Value of “KFCH International College” (Johor Bahru main campus), we have adopted the Investment Method as the primary method and supported by the Cost Method.

**2.3 Investment Method**

The investment method is premised on the principle that the value of an income-producing property is represented by “the present worth of future rights to income, or utility”. The value estimate under this method is derived by ascertaining the market rent of the property (i.e. that income which is ascribable to the property under its highest and best use); deducting all reasonable annual operating expenses (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate of capitalisation to obtain the present value of the income stream.

**2.3.1 Existing Tenancy**

“KFCH International College” (Johor Bahru main campus) is valued subject to the existing Tenancy Agreement made between Damansara Assets Sdn. Bhd. (the Landlord) and SPM Restaurants Sdn. Bhd. (the Tenant) for an initial term of three (3) years commencing on 8<sup>th</sup> October 2010 (which is the date of the Certificate of Completion and Compliance issued to the Landlord) and expiring on 7<sup>th</sup> October 2013, WITH COMPULSORY RENEWAL for another two (2) further term of three (3) years each of which the rental of the demised premises shall be increased by 10% of the rental payable for the respective immediate preceding term.

The rental for the different terms are summarised as follows:-

**Table 2.0: Details Of The Rental for Different Term**

No.	Term	Rental Period	Rental (RM)	
			Monthly	Annual
1	2010 -2013	8 <sup>th</sup> October 2010 to 7th October 2013 (3 years)	174,356.00	2,092,272.00
2	2013 -2016	8 <sup>th</sup> October 2013 to 7th October 2016 (3 years)	191,791.60	2,301,499.20
3	2016 -2019	8 <sup>th</sup> October 2016 to 7th October 2019 (3 years)	210,970.76	2,531,649.12

According to the Tenancy Agreement, the main floor area for the 4-storey building is given as 87,178 sq. ft. However, according to our calculations (from the Architect’s plans) the total floor area of the main building is 7,971 sq. m. (approx. 85,799 sq. ft.) which is smaller.

For the purpose of this valuation, we have adopted the floor area of 87,178 sq. ft. as stated in the current Tenancy Agreement for the existing term, but upon expiry of this Tenancy we will adopt our calculation of 85,799 sq. ft. in accordance with the approved building plans.



**2.3.2 Market Rental**

In assessing the value under the capitalisation approach we have adopted the contractual rental as per the abovementioned Tenancy Agreement for the current term (2<sup>nd</sup> term) of RM191,791.60 per month (analysed to RM2.20 per sq. ft.) in respect of the main floor area of the 4-storey building.

We note that the existing Tenancy is at the 2<sup>nd</sup> term and according to the Tenancy Agreement, the rental in respect of the 3<sup>rd</sup> term which will commence on 8<sup>th</sup> October 2016 and expire on 7<sup>th</sup> October 2019 will be increased by 10% of the rental payable for the 2<sup>nd</sup> term which is at RM210,970.76 per month.

Since the above rental had been pre-agreed, we have adopted this rental up to the 3<sup>rd</sup> term of the Tenancy which will expire on 7<sup>th</sup> October 2019. Upon expiry of the Tenancies, the rent will revert to market rates.

Our assessment of the market rent of “KFCH International College” (Johor Bahru main campus) is based on it's historical and passing rental as well as the asking rentals of similar type of properties in the vicinity.

There is a dearth of rental evidences provided by any party as such information is always treated as confidential information. However, our investigation revealed that there are asking rentals of similar type of properties in the vicinity of “KFCH International College” (Johor Bahru main campus). In arriving at the Market Rental Value of “KFCH International College” (Johor Bahru main campus), we have compiled asking rentals/passing rentals of similar type of properties based on our site survey with the tenants. We have made diligent adjustments from the asking/survey rentals prior to arriving at fair market rental of “KFCH International College” (Johor Bahru main campus).

We have analysed and made diligent adjustments for differences of the comparable properties against “KFCH International College” (Johor Bahru main campus). We note that analysis of comparable rentals range between RM1.22 per sq. ft to RM3.07 per sq. ft. After making the necessary adjustments, the adjusted rental ranges between RM2.26 per sq. ft. to RM2.46 per sq. ft. In arriving at the market rental value using the Investment Method, we have adapted RM2.30 per sq. ft. as fair market rental.

**2.3.3 Annual Outgoings**

The net rent arrived is the residue of the gross annual market rent for “KFCH International College” (Johor Bahru main campus) less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees. The actual annual outgoings of “KFCH International College” (Johor Bahru main campus) for the past 3 years are tabulated below: -

**Table 3.0: Annual Outgoings**

For Year Ended	Annual Outgoings (RM)	Analysis Per Sq. Ft. Per Month (RM)
As At 31st December 2011	59,208	1.38
As At 31st December 2012	82,776	1.40
As At 31st December 2013	112,703	1.44

Source: KFC (Peninsular Malaysia) Sdn Bhd

\* Since the above annual outgoings were within the existing tenancy period, the calculation is based on the net lettable area stated in the Tenancy Agreement, i.e. 87,178 square feet.

We have analysed the actual past annual outgoings of “KFCH International College” (Johor Bahru main campus) and made diligent adjustments to arrive at the fair outgoings.

Based on the above analysis, we have adopted annual outgoings at RM0.11 per sq. ft. per month for the current term, RM0.12 per sq. ft. per month for the future term and RM0.13 per sq. ft. per month for the reversion which is considered fair representation of the monthly outgoings of “KFCH International College” (Johor Bahru main campus).



### 2.3.4 Rental Loss Adjustment / Vacancy Allowance

The Tenant SPM Restaurants Sdn Bhd is the subsidiary of JCorp and will continue to renew the tenancy/lease upon expiry. In addition, the tenant has incurred substantial capital expenditure within the building with the intention of renting the building on a long term basis.

In light of the above, we have allocated 5% of the gross annual rental as fair representation for vacancy between rent reviews, rent free and fitting out periods.

### 2.3.5 Yield/Capitalisation Rate

The resultant net rent is then capitalised by an appropriate yield to arrive at the market value of "KFCH International College" (Johor Bahru main campus). We wish to inform that we have adopted a market corroborated capitalisation rate to arrive at the capital value of "KFCH International College" (Johor Bahru main campus). The market based rate is the most frequently adopted methodology by the property industry in Malaysia as information pertaining to sales are easily available.

Based on the above yield analysis of similar type of buildings in the vicinity and neighbourhood, we note that the yields range from 7.30% to 7.70%.

Having considered the relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted reversionary yield of **7.80%** whilst the adopted term yield is **7.30%** which reflects the security of the existing tenancy, certain, fixed, staggered and increasing rental income and quality of the tenant/lessee.

The upward adjustment of 50 basis points on the reversionary yield is to reflect a higher risk on the future tenancy, and the future revenue stream. The above rates adopted are in line with our analysis of prevailing market yields of office buildings in Johor Bahru City.

## 2.4 Cost Method

In essence, this method entails the summation of the market value of land and Depreciated Replacement Cost (DRC) of the building.

The Cost Method is the most common method used as it can be applied to wide range of assets. It estimates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. It is based on the principle of substitution, i.e. that unless undue time, inconvenience, risk or other factors are involved, the price that a buyer in the market would pay for the asset being valued would not be more than the cost to construct an equivalent asset.

In assessing what he might be prepared to pay for a property, a potential purchaser may consider as an alternative to acquiring "KFCH International College" (Johor Bahru main campus) by buying a similar type of land and constructing a similar building having the same utility and function. This represents the maximum that a potential purchaser would be prepared to pay for the property.

In arriving at the Market Value of the land, we have adopted the Comparison Method.

**Comparison Method** is premised on the principle that comparison is made of the property under valuation with sales of other similar properties. Where dissimilarities exist, adjustments are made.

In determination of value by this method, a survey was made of land sales that have occurred in this or similar areas within the recent past. These comparable sale prices are then adjusted for comparability to reflect differences in time, location and accessibility, corner/end premium, tenure, size and other relevant factors to render the sold properties as similar as possible with "KFCH International College" (Johor Bahru main campus).



We have compiled and analysed the sale evidences of similar type of commercial land in the vicinity and neighbourhood of “KFCH International College” (Johor Bahru main campus). In arriving at our opinion of the market value of the land using the Comparison Method, the following sale evidences, amongst others, are considered suitable comparables and adopted.

**Table 4.0: Details Of The Sale Transactions And Comparison Method**

	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Property	PTD 168453, Jalan Dato' Onn 2, Bandar Dato' Onn, 81100 JOHOR BAHRU, Johor Darul Takzim.	PTD 163189, Jalan Dato' Onn Utama, Bandar Dato' Onn, 81100 JOHOR BAHRU, Johor Darul Takzim.	PTD 162874, Jalan Setia Tropika 1/21, Taman Setia Tropika, 81100 JOHOR BAHRU, Johor Darul Takzim.	PTD 144808, Jalan Persiaran Desa Tebrau, Taman Desa Tebrau, 81100 JOHOR BAHRU, Johor Darul Takzim.
Property Type	Commercial Land	Commercial Land	Commercial Land	Commercial Land
Tenure	In Perpetuity	In Perpetuity	In Perpetuity	In Perpetuity
Land Area	129,809 Sq. ft.	581,617 Sq. ft.	30,450 Sq. ft.	65,339 Sq. ft.
Consideration	RM9,086,616	RM45,000,000	RM2,436,000	RM11,107,630
Date Of Transaction	25-November-2011	23-July-2012	30-August-2010	05-October-2012
Vendor	Johor Land Berhad	Johor Corporation	Setia Indah Sdn. Bhd	Ultimate Support Sdn. Bhd.
Purchaser	Smart Reader Worldwide Sdn. Bhd.	Renalcare Perubatan (M) Sdn. Bhd.	Golden Arches Restaurants Sdn. Bhd.	Rainbow Entity Sdn. Bhd.
Source	Valuation and Property Services Department, Ministry of Finance			
Analysis (Per Sq. ft.)	RM70.00	RM77.37	RM80.00	RM170.00
Adjustment Factor Considered	Market condition (Time), location, corner premium, building/site improvements/other amenities & facilities and size.			
Effective Adjusted Value (Per Sq. Ft.)	RM91.00	RM92.84	RM88.00	RM102.00

We have analysed and made diligent adjustments for differences of the comparable sale transactions against the subject land. We note that the sale evidences range from RM70.00 per sq. ft. to RM170.00 per sq. ft.. After making the necessary adjustments the adjusted values range from RM88.00 per sq. ft. to RM102.00 per sq. ft..

In arriving at the market value of the subject land using the Comparison Method, we have emphasized upon Comparable 1 which is the nearest to “KFCH International College” (Johor Bahru main campus) having similar surrounding and neighbourhood. We have adopted the adjusted value of RM91 per sq. ft. from the adjustments of Comparable 1 as fair representation which translates into a market value of the land of RM7,927,908.

The building component is arrived at by the Depreciated Replacement Cost Method which is derived from the Gross Current Reproduction / Replacement Cost New (“GRCRN”) of the buildings and improvements and deducting there from the accrued depreciation comprising physical, functional and economical obsolescences.

In arriving at the GRCRN of the subject building, we have taken into consideration the actual development cost of the subject building, made reference to the records of development cost of other similar buildings, made reference with various contracts awarded and made enquiries with the contractors and quantity surveyors and made reference to JUBM and Langdon Seah Construction Cost Handbook Malaysia 2014 and made enquiries with the contractors and quantity surveyors.

We note that the GRCRN of similar type of buildings range between RM200 to RM300 per sq. ft. “KFCH International College” (Johor Bahru main campus) was renovated in 2011 and we have adopted about RM250 per sq. ft. as GRCRN which amounts to RM22,438,740.

We have adopted straightline depreciation at a rate of 2% per annum as per the common practise in the industry for similar type of properties after consultation with contractors and quantity surveyors. The Depreciated Replacement Cost of the Building is RM20,670,906.

The Market Value derived from the Cost Method is RM28,598,813 and we rounded up to RM28,600,000.



**2.5 Reconciliation Of Values**

The market values derived by adopting the valuation methods are tabulated below :

Method of Valuation	Market Value (RM)
Investment Method (Primary)	28,200,000
Cost Method	28,600,000

"KFCH International College" (Johor Bahru main campus) is an income generating investment property and we have given greater emphasis on the Investment Method as a more reliable and appropriate method of valuation.

The Cost Method, of which is the summation of market value of land using the Comparison Method and Depreciated Replacement Cost of the building, is an appropriate method to be adopted for homogeneous properties with minimal dissimilarities which require less complicated adjustments. However, for income generating investment properties which are physically, functionally and economically complex where adjustments are numerous and more difficult to quantity, it will be difficult to make adjustments using the Comparison Method. The market value of an investment property is a function of the future income stream. The cash flows of an investment property are subject to the specific nature of the particular investment property and the tenancy terms. It will be strenuous to make all the relevant qualitative and quantitative adjustments accurately for investment properties using Comparison Method.

Nevertheless, the comparative analysis provides a range of values to support the market value as details of sale comparables are easily available. In light of the above, in arriving at our opinion of the market value of "KFCH International College" (Johor Bahru main campus), the Cost Method is adopted as a guide and supportive method to the Investment Method.

Based on the Investment Method, the market value derived is RM28,200,000. The market value of the commercial land derived from the Comparison Method is RM7,927,908. Based on 2% per annum for the depreciate rate, the Depreciated Replacement Cost of the building is RM20,670,906. The summation of the land and building value is RM28,598,813 and we have rounded up the market value to RM28,600,000.

Hence, we have considered the market value derived from the Investment Method as fair and accurate representation of the market value of "KFCH International College" (Johor Bahru main campus) i.e. **RM28,200,000/-**.

The net initial yield of "KFCH International College" (Johor Bahru main campus) is 7.63%.

**3.0 OPINION OF VALUE**

Having regard to the foregoing, and taking into consideration all pertinent factors based upon our analysis of relevant market data, we are of the opinion that the market value of the interest in perpetuity in "KFCH International College" (Johor Bahru main campus), a parcel of commercial land accommodating a 4-storey building identified as Plot 2 held under Parent Lot No. PTD 168449. Master Title No. HS(D) 511833, Mukim of Tebrau, District of Johor Bahru, State of Johor, and bearing the postal address of No. 1, Jalan Dato' Onn 1, Bandar Dato' Onn, 81100 JOHOR BAHRU, Johor Darul Takzim, subject to existing tenancies and the individual title when issued will be free of all encumbrances, good, marketable and registrable is RM28,200,000 (Ringgit Malaysia Twenty Eight Million And Two Hundred Thousand Only).

For And On Behalf Of  
**CHESTON INTERNATIONAL (JOHOR) SDN. BHD.**

**NG HONG SIN (MRISM; MRICS; MPEPS; MMIEA; ACI Arb)**  
 Registered Valuer 7-322





5 June 2015

**Damansara REIT Managers Sdn Berhad**  
**(on behalf of AmanahRaya Trustee Berhad,**  
**as the Trustee of Al-Salām REIT)**

Unit 1-19-02, Level 19  
Block 1, VSQUARE  
Jalan Utara  
46200 Bandar Petaling Jaya  
Petaling Jaya  
**SELANGOR DARUL EHSAN**

Chartered Surveyors  
International Property Consultants  
Registered Valuers, Real Estate Agents  
Property Managers, Plant & Machinery Valuers

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Dear Sirs,

**UPDATE VALUATION CERTIFICATE OF "KFC INTERNATIONAL COLLEGE" ON PRIVATE PLOT NO. PLOT 2 HELD UNDER PARENT LOT NO. PTD 168449, MASTER TITLE NO. HS(D) 511833, MUKIM OF TEBRAU, DISTRICT OF JOHOR BAHRU, STATE OF JOHOR ["KFCH INTERNATIONAL COLLEGE" (JOHOR BAHRU MAIN CAMPUS)].**

We were instructed by Damansara REIT Managers Sdn Berhad ("DRMSB"), to review our valuation of "KFCH International College" (Johor Bahru main campus) for the purposes of submission to the Securities Commission Malaysia for approval in conjunction with the proposed establishment of Al-Salām REIT.

This Update Valuation Certificate is prepared for the purposes of inclusion in the prospectus of Al-Salām REIT and is to be read in conjunction with our Valuation Report bearing reference no. V/Al-Salām/3388813/B dated 30 April 2014.

We have re-inspected the property on 1 June 2015 and the material date of the update valuation of the above legal interest is 1 June 2015.

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

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 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".

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## TERMS OF REFERENCE

The update valuation has been carried out on the same Terms of Reference as stated in our previous valuation report dated 30 April 2014.

## TITLE PARTICULARS

We have obtained Certified True Copy of the individual title of the subject property on 28 May 2015 at Johor Darul Takzim Land Registry with the following entries.

Lot No.:	PTD 180682, Title No. HS(D) 539995, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim
Tenure:	Interest in Perpetuity
Title Land Area:	8,094 square metres (87,123 square feet)
Category of Land Use:	Building
Registered Proprietor:	Johor Land Berhad

## GENERAL DESCRIPTION

As at the date of re-inspection, the physical state of the Subject Property remained unchanged since our previous Valuation Report.

## MARKET CONDITION

The Malaysian economy registered growth of 5.6% in the first quarter of 2015 (4Q2014:5.7%), underpinned by the private sector demand. On the supply side, growth was supported by the major economic sectors. Moving forward, the Malaysian economy is expected to remain on a steady growth path. The underlying domestic macroeconomic fundamentals remain intact and solid. The domestic demand will remain the driver of growth amid lower oil prices. Investment activity is projected to remain resilient with continued capital spending by both private and public sectors. (Source; 1<sup>st</sup> Quarter 2015, Publication of Bank Negara Malaysia).

The property market in Johor is generally moderate and cautious sentiments prevail particularly after implementation of the Goods and Services Tax, imposition of higher Real Property Gains Tax and various Government's measures to curb speculative activities. Nevertheless, with the confidence in the economic growth and accommodative finance environment, the property market is expected to sustain. The prospects for the Johor property market is favourable capitalizing on its synergies with Singapore to complement each other as an economic hub, economic developments spurred by Iskandar Malaysia and benefit from the spillover effects of major infrastructure developments and large scale foreign investments in the region.

We note that the office and institutional market in Johor Bahru city generally remain stable since our previous valuation.

## MARKET VALUE

### Investment Method

We have reassessed the market value of "KFCH International College" (Johor Bahru main campus) with the updated details and have adopted the same parameters in the Investment Method as per our previous valuation report.

### Cost Method

We have adopted the same parameters as per our previous valuation report in the Cost Method.



**Reconciliation Of Values**

The market value of "KFCH International College" (Johor Bahru main campus) derived by the Investment Method of Valuation is RM28,200,000/- while the Cost Method of Valuation is RM28,600,000/-.

We have adopted the market value derived from the Investment Method as a fair representation of the market value of "KFCH International College" (Johor Bahru main campus) in view of the fact that it is an income generating investment property subject to the existing tenancy.

The net initial yield of "KFCH International College" (Johor Bahru main campus) is 7.63%.

**OPINION OF VALUE**

Having regard to the foregoing, taking into consideration all pertinent factors and based upon our reassessment of relevant market data, we are of the opinion that the market value of the interest in perpetuity in "KFCH International College" (Johor Bahru main campus), subject to existing tenancy and the title being free of all encumbrances, good, marketable and registrable is RM28,200,000 (Ringgit Malaysia Twenty Eight Million And Two Hundred Thousand Only).

For And On Behalf Of  
**CHESTON INTERNATIONAL (JOHOR) SDN. BHD.**

A large, stylized handwritten signature in black ink, appearing to read "NG HONG SWI".

**NG HONG SWI (MRISM; MRICS; MPEPS; MMIEA; ACI Arb)**  
Registered Valuer JV-322



16 October 2014

Chartered Surveyors  
International Property Consultants  
Registered Valuers, Real Estate Agents  
Property Managers, Plant & Machinery Valuers

**Damansara REIT Managers Sdn Berhad**  
**(on behalf of AmanahRaya Trustee Berhad,**  
**as the proposed Trustee of Al-Salām REIT)**  
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Website: www.chestonint.com

Dear Sirs,

**VALUATION CERTIFICATE OF 27 PROPERTIES COMPRISING**

- a) **KFC & PIZZA HUT RESTAURANTS / OUTLETS LOCATED IN SHOP/HOUSES/OFFICES AND RETAIL LOTS IN SHOPPING COMPLEXES AND LIGHT INDUSTRIAL PREMISES**
  - b) **INDUSTRIAL PREMISES AND COMMERCIAL LAND ACCOMMODATING KFC & PIZZA HUT RESTAURANTS WITH DRIVE-THROUGH FACILITIES**
- IN MALAYSIA PREPARED FOR DAMANSARA REIT MANAGERS SDN BERHAD FOR THE PURPOSES OF INCLUSION IN THE PROSPECTUS OF AL-SALĀM REIT**

We were instructed by Damansara REIT Managers Sdn Berhad ("DRMSB"), to conduct valuation of the abovementioned properties ("Subject Properties") for the purposes of submission to the Securities Commission Malaysia for approval in conjunction with the establishment of Al-Salām REIT.

This Valuation Certificate is prepared for the purposes of inclusion in the prospectus of Al-Salām REIT and is to be read in conjunction with our Valuation Reports bearing Reference Nos. V/Al-Salām REIT/3388813 (i) to (lvii) (inclusive).

The details of the Subject Properties and the relevant dates of valuations of the legal interests in the Subject Properties which are to be taken as at the dates of inspection are stated in the individual Valuation Certificates attached as Appendix 'A'.

The Reports and Valuations have been prepared in compliance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia with the necessary professional responsibility and due diligence.

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 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".

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## 1.0 VALUATION METHODOLOGY

### **KFC & Pizza Hut Restaurants / Outlets located in shop/houses/offices and Retail Lots in Shopping Complexes and Light Industrial Premises**

In arriving at our opinion of the Market Values of the abovementioned properties, we have adopted the Comparison Method as the primary valuation method and Investment Method as check.

### **Industrial Premises and Commercial Land accommodating KFC & Pizza Hut Restaurants with Drive-Through Facilities**

In arriving at our opinion of the Market Values of the abovementioned properties, we have adopted the Cost Method as the primary valuation method and Investment Method as check.

## 1.1 Comparison Method

The Comparison Method is premised on the principle that comparison is made of the property under valuation with sale transactions of other similar properties. Where dissimilarities exist, adjustments are made. Under this method, an estimate of the market value is derived by comparing the property under valuation with other similar properties that had been sold in the recent past.

In determination of value by this method, a survey was made of property sales that have occurred in this or similar areas within the recent past. These comparable sale prices are then adjusted for comparability to reflect differences in time, location and accessibility, building characteristics, grade, quality, facilities, age, condition and size to render the sold properties as similar as possible with the Subject Properties.

We have compiled and analysed sale evidences in the localities of the Subject Properties. In arriving at our opinion of the market values of the Subject Properties using the Comparison Method, the selected suitable sale evidences, amongst others, are considered and adopted.

The sale transactions adopted were from year 2010 to 2013 depending on the availability and their suitability. We have analysed the price movement of similar type of properties in the localities of the subject properties based on actual sale transactions occurred from year 2009 to 2013 (inclusive). Based on the above analysis, we note that the price appreciation over the last 4 years were 8.15% to 25.0% per annum, depending on the locations. The adjustments for market condition or time factor of the Subject Properties were adopted based on the above range.

We note that KFC & Pizza Hut Restaurants are the business premises of chain of restaurants of popular global food franchise brand located within the selected prime and thriving neighbourhood commercial centres of the localities with adequate infrastructure, facilities and amenities. The locations of the Subject Properties are along the main thoroughfares or main access roads of the particular localities, highly visible and easily accessible. Taking into consideration of the above, we have made diligent adjustment for location in the Comparison Method.

We note that the interior of the KFC and Pizza Hut restaurants have been renovated as modern and trendy dining restaurants up to the international standard as required by the Franchisor. The buildings are equipped with ducted air-conditioning and required fire fighting systems. The sites are improved with the drive through facilities, car and motorcycle parking facilities, other amenities, services and ancillary buildings.

We have made adjustments under building and site improvement factors accordingly.



## 1.2 Cost Method

In essence, this method entails the summation of the market value of land and depreciated replacement cost of the building.

The Cost Method is the common method as it can be applied to wide range of assets. The Cost Method estimates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. It is based on the principle of substitution, i.e. that unless undue time, inconvenience, risk or other factors are involved, the price that a buyer in the market would pay for the asset being valued would not be more than the cost to construct an equivalent asset.

In assessing what he might be prepared to pay for a property, a potential purchaser may consider as an alternative to acquiring the property by buying a similar type of land and constructs a similar building having the same utility and function. This represents the maximum that a potential purchaser would be prepared to pay for the property.

In arriving at the Market Value of the land, we have adopted the Comparison Method.

The building component is arrived at by the Depreciated Replacement Cost Method which is derived from the Gross Current Replacement Cost New and deducting therefrom the accrued depreciation comprising physical, functional and economical obsolescences.

The Gross Current Replacement Cost New of the buildings are adopted after taking into consideration the actual construction cost of the subject buildings, construction cost of similar type of buildings, made reference to the records of other similar developments, made reference with various contracts awarded, made enquiries with the contractors and quantity surveyors and made reference to JUBM and Langdon Seah Construction Cost Handbook Malaysia 2014.

The building cost of KFC and Pizza Hut Restaurants together with Drive-Through Facilities are adopted based on itemised actual construction cost of each building provided by the Client. We note that the building cost varies depending on the year of construction, design, type, building layout, construction material, building services and facilities. In arriving at our opinion of the Gross Current Replacement Cost New of the buildings, we have analysed and verified the actual construction cost provided by the Client. We only considered the cost relevant and related to the buildings. We have excluded the cost of furniture, fittings and equipments used in the operation of business. We note that the design and construction of each drive-through property is built according to the socio economic status of the population in the particular location. In the major city centre the design and construction is modern and trendy according to the latest concept in modern dining. The interior of the buildings are upgraded every 5 years in order to keep up with the latest trend in the dining environment.

The sites of the KFC and Pizza Hut drive-through restaurants are generally tarmacked with clear signboards directing the drive-through lanes from the main entrances to the sites leading to drive-through counters. The drive-through lanes are distinguished with proper demarcation or the floors are finished with block tiles. The sites are strategically selected to enable vehicular ingress and egress at multiple points of entrances to the sites. There are ample car and motorcycle parking bays within the sites.

We have adopted straightline depreciation at a rate of 2% per annum and the estimated life span of the buildings adopted is about 60 years as per the practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors.



### 1.3 Investment Method

The investment method is premised on the principle that the value of an income-producing property is represented by “the present worth of future rights to income, or utility”. The value estimate under this method is derived by ascertaining the market rent of the property (i.e. that income which is ascribable to the property under its highest and best use); deducting all reasonable annual operating expenses (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate of capitalisation to obtain the present value of the income stream.

In undertaking our assessment of the value using the capitalisation approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, insurance, repairs & maintenance and management, is deducted from gross rental income together with allowance for void.

#### a. Market Rental

We note that there is a dearth of concluded rental evidences provided by Property Valuation And Services Department, Ministry Of Finance and such information are always treated as confidential information and are not available. However, our investigation revealed that there are asking rentals of similar type of properties in the vicinities of the Subject Properties. In arriving at the Market Rental Values of the Subject Properties, we have carried out survey on the rentals of similar type of properties in the immediate vicinities, newspapers and internet. We have made diligent adjustments from the abovementioned asking rentals prior to arriving at the fair market rentals of the Subject Properties including downward adjustment for negotiation.

#### b. Annual Outgoings

The net rent is arrived which is the residue of gross annual market rent for the Subject Properties less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees.

Based on our research and analysis, we note that shop/houses/offices and restaurants are often tenanted with the tenant to be responsible for repair and maintenance incurred within the demised premises and utilities whilst the landlord is responsible for quit rent, assessment, insurance and maintenance of the main structure, roof, frame, façade and common area.

We have analysed the actual past 3 years annual outgoings of the Subject Properties and made diligent adjustments to arrive at the fair annual outgoings of the Subject Properties. We also made reference to annual outgoings of similar type of properties based on our record in the database in arriving at the fair annual outgoings of the Subject Properties.

#### c. Yield/Capitalisation Rate

The resultant net rent is then capitalised by an appropriate yield to arrive at the market values of the Subject Properties.

We have adopted market corroborated capitalisation rates to arrive at the capital values of the Subject Properties. The market based rate is the most frequently adopted methodology by the property industry in Malaysia as information pertaining to sale transactions are easily available from Valuation And Property Services Department, Ministry Of Finance. We have arrived at the fair yield/capitalisation rates based on the yield analysis of sale transactions of similar types of properties in the vicinities of the Subject Properties. Annual Outgoings are estimated based on our record in the database of similar type of properties which can also be determined accurately.



However, the actual revenues based on actual occupancy at the time of transactions are difficult to be determined accurately as rental evidences and occupancy rates are rarely made available to public. As such, gross annual revenues are based on the best estimate with 95% occupancy. In arriving at the yield analysis, we have estimated the gross annual rental of the sale transactions based on 95% occupancy which is a fair estimation as per the practise in the industry.

The yield is adopted after considering relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trends and annual outgoings of similar type of properties. The yields adopted are market based and after taking into consideration the characteristics of the Subject Properties.

**d. Void**

In arriving at the Market Values of the Subject Properties using the Investment Method, the allowance for void is adopted after taking into consideration the general trend of vacancy for similar type of properties and the duration of the rent free allowance based on prevailing market practise. We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for void.





2.0 OPINION OF VALUES

Having regard to the foregoing, taking into consideration all pertinent factors and based upon our analysis of relevant market data, we are of the opinion that the market values of the Subject Properties are as follow: -

**SECTION A: KFC & PIZZA HUT RESTAURANTS / OUTLETS LOCATED IN SHOP/HOUSES/OFFICES AND RETAIL LOTS IN SHOPPING COMPLEXES AND LIGHT INDUSTRIAL PREMISES**

No.	Property Address	Market Value (RM)
1	Premises No. 34, Jalan Mahsuri, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang	3,700,000
2	Premises Nos. 60 & 62, Jalan PJS 11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan	7,800,000
3	Premises No. 5, Bangunan Joota Brothers, Jalan Sungai Korok, 06000 Jitra, Kedah Darul Aman	490,000
4	Premises No. 1 & 1-1, Jalan Niaga, 81900 Kota Tinggi, Johor Darul Takzim	800,000
5	Premises No. 3, 3A & 3B, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Takzim	820,000
6	Premises No. 1, Jalan Baru Bandar 1, Pusat Bandar Baru Ayer Hitam, 86100 Ayer Hitam, Johor	1,900,000
7	Premises No. 1, Jalan Mahajaya, Kawasan Penambakan Laut, Bandar Port Dickson, 71000 Port Dickson, Negeri Sembilan Darul Khusus	1,600,000
8	Premises No. 9, Persiaran Putra Timur 1, 02000 Kuala Perlis, Perlis Indera Kayangan	450,000
9	Premises Nos. 18 & 20, Jalan Sulaiman, 43000 Kajang, Selangor Darul Ehsan	8,000,000
10	Unit No. GF-12A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang	11,600,000
11	Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang	2,650,000
12	Unit No. G-103, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	2,600,000
13	Unit No. G-104, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	1,900,000
14	Lot 5, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, 88450 Kota Kinabalu, Sabah	2,300,000
15	Premises No. 31, Lorong IKS Juru 3, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang	1,130,000

For And On Behalf Of  
**CHESTON INTERNATIONAL (KL) SDN. BHD.**

For And On Behalf Of  
**CHESTON INTERNATIONAL (JOHOR) SDN. BHD.**

**G PAREMES SIVAM**  
 FRISM, MRICS, MPEPS, MIPPM  
 CHARTERED SURVEYOR  
 REGISTERED VALUER, V-480

**NG HONG SIN**  
 MRISM; MRICS; MPEPS; MMIEA; ACI Arb  
 CHARTERED SURVEYOR  
 REGISTERED VALUER, V-322



**SECTION B: INDUSTRIAL PREMISES AND COMMERCIAL LAND ACCOMMODATING KFC & PIZZA HUT RESTAURANTS WITH DRIVE-THROUGH FACILITIES**

No.	Property Address	Market Value (RM)
16	Premises No. 3, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	44,800,000
17	Premises No. 6, Jalan Gerudi, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	25,500,000
18	Premises Nos. 17, 19 & 21, Jalan Pemaju U1/15, Sek U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan	53,400,000
19	Lot 14083, Jalan Kuchai Lama, 58200 Kuala Lumpur	13,900,000
20	Lot 59060, Jalan Prima 1, Metro Prima, Off Jalan Kepong, 52100 Kuala Lumpur	14,800,000
21	PT No. 6878, Jalan 8/27A, Pusat Bandar Wangsa Maju, 53300 Kuala Lumpur	24,200,000
22	PT No. 2281, Jalan Kuala Ketil, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah Darul Aman	5,000,000
23	PT No. 217643, Jalan Kuala Kangsar, Taman Tasek Mutiara, 31400 Ipoh, Perak Darul Ridzuan	8,100,000
24	PTD No. 171459, Jalan Persiaran Perling, Taman Perling, 81200 Johor Bahru, Johor Darul Takzim	12,800,000
25	PTD 153154, Jalan Tampoi, Taman Damansara Aliff, 81200 Johor Bahru, Johor Darul Takzim	11,600,000
26	PT No. 19503, Lebuhraya Ayer Keroh, 75450 Hang Tuah Jaya, Melaka	8,000,000
27	PTD 103231, Taman Impian Senai, 81400 Senai, Johor Darul Takzim	8,100,000
<b>TOTAL</b>		<b>277,940,000</b>

For And On Behalf Of  
**CHESTON INTERNATIONAL (KL) SDN. BHD.**

**G PAREMES SIVAM**  
 FRISM, MRICS, MPEPS, MIPPM  
 CHARTERED SURVEYOR  
 REGISTERED VALUER, V-480

For And On Behalf Of  
**CHESTON INTERNATIONAL (JOHOR) SDN. BHD.**

**NG HONG SHI**  
 MRISM; MRICS; MPEPS; MMIEA; ACIArb  
 CHARTERED SURVEYOR  
 REGISTERED VALUER, V-322



**APPENDIX 'A' - SALIENT DETAILS OF THE SUBJECT PROPERTY**

**Property No. 1**

a. Property Details	
Reference No.:	V/Al-Salām REIT/3388813/vi
Date of Inspection:	9 January 2014
Identification/Address:	Premises No. 34, Jalan Mahsuri, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang
Type of Property:	A double storey mid terraced shop with extra land
Lot / Title / Mukim / District / State:	Lot 9538 / Pajakan Negeri 2263 / Mukim 12 / District of Barat Daya / Pulau Pinang
Tenure:	99-year leasehold interest expiring on 15 May 2090 (unexpired leasehold interest of about 76.40 years)
Land Area:	447 Square Metres / 4,811 Square Feet
Category of Land Use:	Building
Registered Proprietor:	Farm Products Sdn. Bhd. now known as KFC (Peninsular Malaysia) Sdn. Bhd.
Location:	The subject property is located within Bayan Baru Commercial Centre, along the southern side of Jalan Mahsuri and off the western (left) side of Jalan Sultan Azlan Shah, travelling from Penang Bridge towards Bayan Lepas/Batu Maung. It is located about 13 kilometres (8.08 miles) due south-west of Georgetown city centre.
Age:	21 years
Gross Floor Area:	644.31 Square Metres / 6,935 Square Feet
Net Lettable Area:	589.49 Square Metres / 6,345 Square Feet
Planning Details:	Commercial / Latest internal renovation plans were approved on 18 October 2011.
Certificate of Fitness for Occupation:	Issued by Majlis Perbandaran Pulau Pinang dated 12 January 1993.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	No. 128, Jalan Mayang Pasir, Taman Sri Tunas, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang	No. 64, Jalan Tengah, Taman Sri Tunas, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang	Nos. 90, 92 & 94, Jalan Mayang Pasir, Taman Sri Tunas, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang
Description of the Building	A Three Storey Mid Terraced Shop/Office	A Double Storey Mid Terraced Shop/House	Three Contiguous Units Of Three Storey Shop/Offices Comprising A Corner Unit And (2) Intermediate Units
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interests In Perpetuity
Land Area	2,314 Sq. Ft.	1,496 Sq. Ft.	5,091 Sq. Ft.
Consideration	RM2,450,000	RM1,600,000	RM5,000,000
Gross Floor Area	6,496 Sq. Ft.	2,800 Sq. Ft.	13,518 Sq. Ft.
Net Lettable Area	4,525 Sq. Ft.	2,460 Sq. Ft.	11,826 Sq. Ft.
Date Of Transaction	9-November-2013	18-December-2013	22-November-2011
Source	Valuation and Property Services Department, Ministry of Finance		
Analysis (Per Sq. Ft.) (Consideration/Net Lettable Area)	RM541.49	RM650.41	RM422.80
Adjustment Factor Considered	Market Condition (Time), Location, Corner/End Premium/Extra Land, Building, Size and Tenure.		
Effective Adjusted Value (Per Sq. Ft.)	RM582.11	RM601.63	RM549.64
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM582.11</b> per square foot from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM3,693,464.68</b> and rounded up to <b>RM3,700,000</b> .		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM2.97	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM2.67 Per Sq. Ft. to RM4.09 Per Sq. Ft. in respect of the Ground Floor and RM1.06 Per Sq. Ft. to RM1.18 Per Sq. Ft. in respect of the First Floor. After making the necessary adjustments, the adjusted rental range is from RM4.14 Per Sq. Ft. to RM4.91 Per Sq. Ft. in respect of the Ground Floor and RM1.59 Per Sq. Ft. to RM1.77 Per Sq. Ft. in respect of the First Floor. In arriving at the market value using the Investment Method, we have adapted RM4.52 Per Sq. Ft. as fair market rental for the Ground Floor and RM1.68 Per Sq. Ft. for the First Floor.
Outgoings (per sq. ft. per month)	RM0.33	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.33 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.25%	Based on the yield analysis of similar type of shop units in the vicinity, we note that the yields range from 4.80% to 5.10%. The sale evidences convey interests in perpetuity whilst the subject property conveys unexpired leasehold interest of about 76.40 years. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.25% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Comparison Method of RM3,700,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Comparison Method	RM3,700,000	
Investment Method	RM3,550,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 9 January 2014, with vacant possession is RM3,700,000 (Ringgit Malaysia Three Million And Seven Hundred Thousand Only).



Property No. 2

a. Property Details	
Reference No.:	V/Al-Salām REIT/3388813/xxv
Date of Inspection:	7 February 2014
Identification/Address:	Premises Nos. 60 & 62, Jalan PJS 11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan
Type of Property:	Two contiguous units of four storey mid & corner terraced shop/offices
Lot / Title / Mukim / District / State:	Lot 46464, PN 72423 & Lot 46465, PN 72424 within Town of Sunway, PT No. 17192, HS(M) 9319 & PT No. 17193, HS(M) 9320 within Mukim of Damansara / District of Petaling / Selangor Darul Ehsan
Tenure:	99-year leasehold interest expiring on 28 December 2092 (unexpired term of about 78.94 years) for Lots 46464 & 46465 and 11 March 2095 (unexpired term of about 81.14 years) for PT Nos. 17192 & 17193
Total Land Area:	352 Square Metres / 3,789 Square Feet
Category of Land Use:	Building
Registered Proprietor:	KFC (Peninsular Malaysia) Sdn. Bhd.
Location:	The subject property is located within the Commercial area of PJS 11, Bandar Sunway, which is located along the southern side of New Pantai Expressway travelling from Bandar Sunway interchange towards Persiaran Kewajipan roundabout. Kuala Lumpur City Centre is located about 15 kilometres (9.32 miles) to the north-east of the subject property.
Age:	18 years
Gross Floor Area:	1,372 Square Metres / 14,770 Square Feet
Net Lettable Area:	1,211 Square Metres / 13,037 Square Feet
Planning Details:	Commercial / Latest internal renovation plans were approved on 13 September 2013.
Certificate of Fitness for Occupation:	Issued by Majlis Perbandaran Petaling Jaya dated 18 January 1996.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	No. 35, Jalan PJS 11/28B, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan	No. 23, Jalan PJS 11/28B, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan	No. 32A, Jalan PJS 8/6, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan
Description of the Building	A Four Storey End Terraced Shop/Office	A Four Storey Mid Terraced Shop/Office	A Four Storey Corner Terraced Shop/Office
Tenure	99-year leasehold interest expiring on 28 December 2092	99-year leasehold interest expiring on 28 December 2092	99-year leasehold interest expiring on 29 May 2099
Land Area	1,765 Sq. Ft.	1,765 Sq. Ft.	3,778 Sq. Ft.
Consideration	RM3,439,999	RM3,400,000	RM6,130,000
Gross Floor Area	7,060 Sq. Ft.	7,060 Sq. Ft.	14,700 Sq. Ft.
Net Lettable Area	6,610 Sq. Ft.	6,610 Sq. Ft.	13,580 Sq. Ft.
Date Of Transaction	7-November-2012	19-March-2012	6-June-2013
Source	Valuation and Property Services Department, Ministry of Finance		
Analysis (Per Sq. Ft.) (Consideration/ Net Lettable Area)	RM520.43	RM514.37	RM451.40
Adjustment Factor Considered	Market Condition (Time), Location, Corner/End Premium, Building and Size.		
Effective Adjusted Value (Per Sq. Ft.)	RM598.49	RM642.97	RM586.82
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM598.49 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property and also the nearest to the subject property, as fair representation which translates into a market value of <b>RM7,802,572.80</b> and rounded down to <b>RM7,800,000</b> .		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM2.65	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM1.86 to RM2.02 Per Sq. Ft. After making the necessary adjustments, the adjusted rentals range from RM2.51 Per Sq. Ft. to RM2.72 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM2.65 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.24	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.24 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5%	Based on the yield analysis of similar type of shop units in the vicinity, we note that the yields range from 4.82% to 5.34%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Comparison Method	RM7,800,000	We have considered the market value derived from the Comparison Method of RM7,800,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM7,000,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 7 February 2014, with vacant possession is RM7,800,000 (Ringgit Malaysia Seven Million And Eight Hundred Thousand Only).



**Property No. 3**

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/ii
Date of Inspection:	22 January 2014
Identification/Address:	Premises No. 5, Bangunan Joota Brothers, Jalan Sungai Korok, 06000 Jitra, Kedah Darul Aman
Type of Property:	A double storey mid terraced shop/office
Lot / Title / Mukim / District / State:	PT No. 740 / HS(D) 17607 / Town of Jitra / District of Kubang Pasu / Kedah Darul Aman
Tenure:	Interest In Perpetuity
Land Area:	115.1998 Square Metres / 1,240 Square Feet
Category of Land Use:	Building
Registered Proprietor:	SPM Restaurants Sdn. Bhd.
Location:	The subject property is located within Jitra town and along Jalan Sungai Korok, travelling from Jalan Kepala Batas towards Jalan Sungai Korok. Alor Setar town is located about 21 kilometres (13 miles) to the south-west of the subject property.
Age:	21 years
Gross Floor Area:	230.40 Square Metres / 2,480 Square Feet
Net Lettable Area:	206.52 Square Metres / 2,223 Square Feet
Planning Details:	Commercial / Latest internal renovation plans were approved on 22 September 2013.
Certificate of Fitness for Occupation:	Issued by Majlis Daerah Kubang Pasu dated 5 October 1992.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	No. 2, Kompleks Jitra, Jalan PJ 1, Pekan Jitra, 06000 Jitra, Kedah Darul Aman	No.128A, Jalan PJ 6, Pekan Jitra, 06000 Jitra, Kedah Darul Aman	No. 12, Taman Suria 2, 06000 Jitra, Kedah Darul Aman
Description of the Building	A Double Storey Mid Terraced Shop/Office	A Double Storey Mid Terraced Shop/Office	A Double Storey Mid Terraced Shop/Office
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity
Land Area	1,313 Sq. Ft.	1,399 Sq. Ft.	1,399 Sq. Ft.
Consideration	RM425,000	RM375,000	RM378,000
Gross Floor Area	2,626 Sq. Ft.	2,798 Sq. Ft.	2,799 Sq. Ft.
Net Lettable Area	2,376 Sq. Ft.	2,518 Sq. Ft.	2,519 Sq. Ft.
Date Of Transaction	21-March-2012	9-October-2012	16-December-2012
Source	Valuation and Property Services Department, Ministry of Finance		
Analysis (Per Sq. Ft.) (Consideration/Net Lettable Area)	RM179	RM149	RM150
Adjustment Factor Considered	Market Condition (Time), Location, Corner/End Premium, Building, Size and Tenure.		
Effective Adjusted Value (Per Sq. Ft.)	RM219.12	RM189.88	RM210.12
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM219.12 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM487,100</b> and rounded up to <b>RM490,000</b> .		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM1.20	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM0.98 to RM1.42 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range from RM1.18 Per Sq. Ft. to RM1.42 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM1.20 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.22	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.22 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.25%	Based on the yield analysis of similar type of shop units in the vicinity, we note that the yields range from 5.1% to 5.4%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.25% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Comparison Method	RM490,000	We have considered the market value derived from the Comparison Method of RM490,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM470,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 22 January 2014, with vacant possession is RM490,000 (Ringgit Malaysia Four Hundred And Ninety Thousand Only).





Property No. 4

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/
Date of Inspection:	15 January 2014
Identification/Address:	Premises No. 1 & 1-1, Jalan Niaga, 81900 Kota Tinggi, Johor Darul Takzim
Type of Property:	A double storey corner terraced shop/office
Lot / Title / Mukim / District / State:	PTB 3315 / HS(D) 19846 / Town and District of Kota Tinggi / Johor Darul Takzim
Tenure:	99-year leasehold interest expiring on 14 May 2085 (unexpired term of about 71.38 years)
Land Area:	211.1677 Square Metres / 2,273 Square Feet
Category of Land Use:	Building
Registered Proprietor:	SPM Restaurants Sdn. Bhd.
Location:	The subject property is located within Kota Tinggi town centre, about 42 kilometres north of Johor Bahru City Centre.
Age:	9 years
Gross Floor Area:	286.14 Square Metres / 3,080 Square Feet
Net Lettable Area:	242.85 Square Metres / 2,614 Square Feet
Planning Details:	Commercial / Latest internal renovation plans were approved on 11 April 2013.
Certificate of Fitness for Occupation:	Issued by Majlis Daerah Kota Tinggi dated 24 July 2004.
Occupancy Status:	Occupied and managed by Pizza Hut Restaurants Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	No. 3, Jalan Niaga, 81900 Kota Tinggi, Johor Darul Takzim	No. 34, Jalan Mangga 1, Taman Kota Jaya, 81900 Kota Tinggi, Johor Darul Takzim	No. 14, Jalan Maju, Taman Jaya, 81900 Kota Tinggi, Johor Darul Takzim
Description of the Building	A Double Storey Intermediate Terraced Shop/Office	A Double Storey End Terraced Shop/Office	A Double Storey Intermediate Terraced Shop/Office
Tenure	99-year Leasehold Interest expiring on 14 May 2085	Interest In Perpetuity	Interest In Perpetuity
Land Area	1,540 Sq. Ft.	1,760 Sq. Ft.	1,540 Sq. Ft.
Consideration	RM600,000	RM800,000	RM650,000
Gross Floor Area	3,080 Sq. Ft.	3,520 Sq. Ft.	3,080 Sq. Ft.
Net Lettable Area	2,635 Sq. Ft.	2,872 Sq. Ft.	2,624 Sq. Ft.
Date Of Transaction	11-July-2012	22-May-2013	19-April-2012
Source	Valuation and Property Services Department, Ministry of Finance		
Analysis (Per Sq. Ft.) (Consideration/Net Lettable Area)	RM227.69	RM278.56	RM247.76
Adjustment Factor Considered	Market Condition (Time), Location, Corner/End Premium, Building, Size and Tenure.		
Effective Adjusted Value (Per Sq. Ft.)	RM307.38	RM334.27	RM309.70
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM307.38 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM803,368.37</b> and rounded down to <b>RM800,000</b> .		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM2.10	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM1.41 Per Sq. Ft to RM1.54 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM2.19 Per Sq. Ft to RM2.23 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM2.10 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.18	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.18 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	7%	Based on the yield analysis of similar type of shop units in the vicinity, we note that the yields range from 5.53% to 7.28%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 7% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Comparison Method	RM800,000	We have considered the market value derived from the Comparison Method of RM800,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM800,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 15 January 2014, with vacant possession is RM800,000 (Ringgit Malaysia Eight Hundred Thousand Only).



Property No. 5

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/liv
Date of Inspection:	7 January 2014
Identification/Address:	Premises No. 3, 3A & 3B, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Takzim
Type of Property:	A three storey terraced shop/office
Lot / Title / Mukim / District / State:	PTD 147316 / HS(D) 449815 / Mukim of Tebrau / District of Johor Bahru / Johor Darul Takzim (Based on the latest Certified True Copy of the Title conducted on 16th December 2014, new title with GRN 343903 and Lot No. 107789 has been issued. Other title details remain unchanged).
Tenure:	Interest in perpetuity
Land Area:	143 Square Metres / 1,540 Square Feet
Category of Land Use:	Building
Registered Proprietor:	SPM Restaurants Sdn. Bhd.
Location:	The subject property is located within the commercial area of Taman Bukit Tiram, 81800 Ulu Tiram, Johor, about 25 kilometres north of Johor Bahru City Centre.
Age:	4 years
Gross Floor Area:	429.19 Square Metres / 4,620 Square Feet
Net Lettable Area:	373.37 Square Metres / 4,019 Square Feet
Planning Details:	Commercial / Latest internal renovation plans were approved on 11 May 2014.
Certificate of Completion and Compliance:	Issued by CNC Architect dated 26 April 2010.
Occupancy Status:	Occupied and managed by Pizza Hut Restaurants Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	No. 23, Jalan Ledang 25, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Takzim	No. 35, 35A & 35B, Jalan Ledang 25, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Takzim	No. 21, Jalan Ledang 25, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Takzim
Description of the Building	Three Storey Intermediate Terraced Shop/office	Three Storey End Terraced Shop/office	Three Storey Intermediate Terraced Shop/office
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity
Land Area	1,540 Sq. Ft.	1,540 Sq. Ft.	1,540 Sq. Ft.
Consideration	RM680,000	RM738,000	RM690,000
Gross Floor Area	4,620 Sq. Ft.	4,620 Sq. Ft.	4,620 Sq. Ft.
Net Lettable Area	4,019 Sq. Ft.	4,019 Sq. Ft.	4,019 Sq. Ft.
Date Of Transaction	16-January-2013	8-January-2013	19-April-2012
Source	Valuation and Property Services Department, Ministry of Finance		
Analysis (Per Sq. Ft.) (Consideration/Net Lettable Area)	RM169.18	RM183.61	RM171.67
Adjustment Factor Considered	Market Condition (Time), Corner/End Premium and Building.		
Effective Adjusted Value (Per Sq. Ft.)	RM203.02	RM201.97	RM240.33
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM203.02 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM815,937.38</b> and rounded up to <b>RM820,000</b> .		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM1.15	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM0.94 Per Sq. Ft. to RM0.99 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM1.11 Per Sq. Ft. to RM1.17 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM1.15 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.09	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.09 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	6%	Based on the yield analysis of similar type of shop units in the vicinity, we note that the yields range from 6% to 6.54%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 6% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Comparison Method of RM820,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Comparison Method	RM820,000	
Investment Method	RM810,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 7 January 2014, with vacant possession is RM820,000 (Ringgit Malaysia Eight Hundred And Twenty Thousand Only).

**APPENDIX A – VALUATION CERTIFICATES (Cont'd)**



**Property No. 6**

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/lii
Date of Inspection:	10 January 2014
Identification/Address:	Premises No. 1, Jalan Bandar Baru 1, Pusat Bandar Baru Ayer Hitam, 86100 Ayer Hitam, Johor Darul Takzim
Type of Property:	A renovated three storey corner terraced shop/office (with roof-top level)
Lot / Title / Mukim / District / State:	PTD 19773 / HS(D) 57587 / Mukim of Sri Gading, District of Batu Pahat / Johor Darul Takzim
Tenure:	93-year leasehold interest expiring on 16 July 2101 (unexpired leasehold interest of about 87.57 years)
Land Area:	307.707 Square Metres / 3,312 Square Feet [Surveyed Area: 304 Square Metres / 3,272 Square Feet]
Category of Land Use:	Building
Registered Proprietor:	SPM Restaurants Sdn. Bhd.
Location:	The subject property is located about 1 kilometre south of the Ayer Hitam Toll Plaza and about 32 kilometres north-east of Batu Pahat town. Pusat Bandar Baru Ayer Hitam is a new commercial development located within Ayer Hitam town, along the Batu Pahat to Kluang main road.
Age:	3 years
Gross Floor Area:	874.60 Square Metres / 9,414 Square Feet
Net Lettable Area:	705.23 Square Metres / 7,591 Square Feet
Planning Details:	Commercial / Latest internal renovation plans were approved on 27 April 2012.
Certificate of Completion and Compliance:	Issued by Saadon Architect dated 24 May 2011.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	No. 2, Jalan Bandar Baru 4, Pusat Bandar Baru Ayer Hitam	PTD 19904, Jalan Bandar Baru, Pusat Bandar Baru Ayer Hitam	No. 57, Jalan Bandar Baru, Pusat Bandar Baru Ayer Hitam
Description of the Building	Two Storey Corner Terraced Shop/office	Two Storey Corner Terraced Shop/office	Two Storey End Terraced Shop/office
Tenure	93-year leasehold interest expiring on 16 July 2101	93-year leasehold interest expiring on 16 July 2101	93-year leasehold interest expiring on 16 July 2101
Land Area	2,815 Sq. Ft.	3,370 Sq. Ft.	1,540 Sq. Ft.
Consideration	RM850,000	RM1,037,240	RM550,000
Gross Floor Area	5,630 Sq. Ft.	6,740 Sq. Ft.	3,080 Sq. Ft.
Net Lettable Area	4,309 Sq. Ft.	5,502 Sq. Ft.	2,635 Sq. Ft.
Date Of Transaction	2-January-2012	9-July-2013	3-November-2012
Source	Valuation and Property Services Department, Ministry of Finance		
Analysis (Per Sq. Ft.) (Consideration/Net Lettable Area)	RM197.25	RM188.53	RM208.71
Adjustment Factor Considered	Market Condition (Time), Location, Corner/End Premium, Building and Size.		
Effective Adjusted Value (Per Sq. Ft.)	RM256.43	RM254.52	RM260.89
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM256.43 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM1,946,443.19</b> and rounded down to <b>RM1,900,000</b> .		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM1.40	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM0.96 Per Sq. Ft. to RM1.04 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM1.36 Per Sq. Ft. to RM1.44 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM1.40 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.11	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.11 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	6%	Based on the yield analysis of similar type of shop units in the vicinity, we note that the yields range from 6% to 6.2%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 6% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Comparison Method	RM1,900,000	We have considered the market value derived from the Comparison Method of RM1,900,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM1,840,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 10 January 2014, with vacant possession is RM1,900,000 (Ringgit Malaysia One Million And Nine Hundred Thousand Only).



Property No. 7

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/xliii
Date of Inspection:	20 January 2014
Identification/Address:	Premises No. 1, Jalan Mahajaya, Kawasan Penambakan Laut, Bandar Port Dickson, 71000 Port Dickson, Negeri Sembilan Darul Khusus
Type of Property:	A three storey corner terraced shop/office
Lot / Title / Mukim / District / State:	PT No. 654 / HS(D) 35190 / Town and District of Port Dickson / Negeri Sembilan Darul Khusus
Tenure:	74-year leasehold interest expiring on 8 May 2085 (unexpired term of about 71.3 years)
Land Area:	332 Square Metres / 3,574 Square Feet
Category of Land Use:	Building
Registered Proprietor:	KFC (Peninsular Malaysia) Sdn. Bhd.
Location:	The subject property is located within Bandar Port Dickson and within Kawasan Penambakan Laut (PD Centre Point). Seremban town center is located about 32 kilometres (20 miles) to the north -west of the subject property.
Age:	17 years
Gross Floor Area:	917.87 Square Metres / 9,880 Square Feet
Net Lettable Area:	802.49 Square Metres / 8,638 Square Feet
Planning Details:	Commercial / Latest internal renovation plans were approved on 2 January 2014.
Certificate of Fitness for Occupation:	Issued by Majlis Daerah Port Dickson dated 14 April 1997.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	Premises No. 409, Jalan Baharu, Bandar Port Dickson, 71000 Port Dickson, Negeri Sembilan Darul Khusus	Premises No. 11, Jalan Waterfront 3, PD Waterfront, 71000 Port Dickson, Negeri Sembilan Darul Khusus	Premises No. 3, Jalan Waterfront 3, PD Waterfront, 71000 Port Dickson, Negeri Sembilan Darul Khusus
Description of the Building	A three storey mid terraced shop/office	A three storey mid terraced shop/office	A three storey mid terraced shop/office
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity
Land Area	1,991 Sq. Ft.	1,430 Sq. Ft.	1,430 Sq. Ft.
Consideration	RM858,888	RM1,120,000	RM1,100,000
Gross Floor Area	5,973 Sq. Ft.	4,290 Sq. Ft.	4,290 Sq. Ft.
Net Lettable Area	5,419 Sq. Ft.	3,758 Sq. Ft.	3,758 Sq. Ft.
Date Of Transaction	13-May-2013	10-September-2013	5-April-2013
Source	Valuation and Property Services Department, Ministry of Finance		
Analysis (Per Sq. Ft.) (Consideration/Net Lettable Area)	RM158.50	RM298.03	RM292.71
Adjustment Factor Considered	Market Condition (Time), Location, Corner/End Premium, Building, Size and Tenure.		
Effective Adjusted Value (Per Sq. Ft.)	RM186.23	RM201.17	RM212.21
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM186.23 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM1,608,675.51</b> and rounded down to <b>RM1,600,000</b> .		



**2. Investment Method**

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM1.03	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM0.98 to RM1.39 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range from RM1.03 Per Sq. Ft. to RM1.04 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM1.03 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.16	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.16 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.25%	Based on the yield analysis of similar type of shop units in the vicinity, we note that the yields range from 4.95% to 5.28%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.25% which reflects a fair yield.

**3. Reconciliation of Values**

Method of Valuation	Market Value	
Comparison Method	RM1,600,000	We have considered the market value derived from the Comparison Method of RM1,600,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM1,600,000	

**4. Opinion of Values**

We are of the opinion that the Market Value of the subject property as at 20 January 2014, with vacant possession is RM1,600,000 (Ringgit Malaysia One Million And Six Hundred Thousand Only).





Property No. 8

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/i
Date of Inspection:	24 January 2014
Identification/Address:	Premises No. 9, Persiaran Putra Timur 1, 02000 Kuala Perlis, Perlis Indera Kayangan
Type of Property:	A double storey mid terraced shop/office
Lot / Title / Mukim / District / State:	Lot 2105 / Pajak Mukim 1181 / Mukim of Kuala Perlis / District of Perlis / Perlis Indera Kayangan
Tenure:	99-year leasehold interest expiring on 25 September 2092 (unexpired term of about 78.72 years)
Land Area:	154 Square Metres / 1,658 Square Feet
Category of Land Use:	Building
Registered Proprietor:	KFC (Peninsular Malaysia) Sdn. Bhd.
Location:	The subject property is located in Kuala Perlis and is sited off the southern (left) side of Persiaran Putra Timur, travelling from Changlun - Kuala Perlis Highway Junction with Persiaran Putra Timur towards Kuala Perlis Jetty. It is located about 12.0 kilometres (7.5 miles) to the south-west of Kangar town centre and 1.0 kilometre (0.63 mile) due west of Kuala Perlis town, respectively.
Age:	18 years
Gross Floor Area:	271.27 Square Metres / 2,920 Square Feet
Net Lettable Area:	230.39 Square Metres / 2,480 Square Feet
Planning Details:	Commercial / Latest internal renovation plans were approved on 15 August 2014.
Certificate of Fitness for Occupation:	Issued by Majlis Perbandaran Kangar dated 6 February 1996.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	No. 60, Jalan Sarawak, 02000 Kuala Perlis, Perlis Indera Kayangan	No. 26, Jalan Sarawak, 02000 Kuala Perlis, Perlis Indera Kayangan	No. 21, Taman Bukit Kubu Baru, Jalan Sarawak 02000 Kuala Perlis, Perlis Indera Kayangan
Description of the Building	A Double Storey Mid Terraced Shop/Office	A Double Storey Mid Terraced Shop/Office	A Double Storey Mid Terraced Shop/Office
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity
Land Area	1,302 Sq. Ft.	1,302 Sq. Ft.	1,540 Sq. Ft.
Consideration	RM400,000	RM380,000	RM390,000
Gross Floor Area	2,604 Sq. Ft.	2,604 Sq. Ft.	3,080 Sq. Ft.
Net Lettable Area	2,244 Sq. Ft.	2,244 Sq. Ft.	2,720 Sq. Ft.
Date Of Transaction	9-November-2012	9-October-2012	2-July-2013
Source	Valuation and Property Services Department, Ministry of Finance		
Analysis (Per Sq. Ft.) (Consideration/Net Lettable Area)	RM178	RM169	RM143
Adjustment Factor Considered	Market Condition (Time), Location, Corner/End Premium, Building, Size and Tenure.		
Effective Adjusted Value (Per Sq. Ft.)	RM182.71	RM173.57	RM179.23
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM182.71 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM453,119.43</b> and rounded down to <b>RM450,000</b> .		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM1.00	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM0.84 to RM0.89 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range from RM0.93 Per Sq. Ft. to RM1.00 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM1.00 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.19	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.19 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.25%	Based on the yield analysis of similar type of shop units in the vicinity, we note that the yields range from 4.92% to 5.14%. The sale evidences convey interests in perpetuity whilst the subject property conveys unexpired leasehold interest of about 78.72 years. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.25% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Comparison Method	RM450,000	We have considered the market value derived from the Comparison Method of RM450,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM425,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 24 January 2014, with vacant possession is RM450,000 (Ringgit Malaysia Four Hundred And Fifty Thousand Only).



Property No. 9

a. Property Details	
Reference No.:	V/Al-Salām REIT/3388813/xxiv
Date of Inspection:	8 January 2014
Identification/Address:	Premises Nos. 18 & 20, Jalan Sulaiman, 43000 Kajang, Selangor Darul Ehsan
Type of Property:	Two contiguous units of four storey mid and corner terraced shop/houses
Lot / Title / Mukim / District / State:	Lot 62, Geran 45688 & Lot 63, Geran 45689 within Section 7 / Town of Kajang / District of Ulu Langat / Selangor Darul Ehsan
Tenure:	Interests in perpetuity
Total Land Area:	371.5008 Square Metres / 3,998 Square Feet
Category of Land Use:	Building
Registered Proprietor:	KFC (Peninsular Malaysia) Sdn. Bhd.
Location:	The subject property is located within Kajang town and along Jalan Sulaiman, at the intersection of Jalan Sulaiman with Jalan Tun Abdul Aziz. Kuala Lumpur City Centre is located about 24 kilometres (14.91 miles) to the north-west of the subject property.
Age:	31 years
Gross Floor Area:	1,485.69 Square Metres / 15,992 Square Feet
Net Lettable Area:	1,290.60 Square Metres / 13,892 Square Feet
Planning Details:	Commercial / Application for approval of internal renovation has been submitted to Majlis Daerah Ulu Langat. The Client undertakes to obtain internal approval in due course.  <b>THE VALUATION IS CARRIED OUT ON THE ASSUMPTION THAT INTERNAL APPROVAL IS OBTAINED.</b>
Certificate of Fitness for Occupation:	Issued by Majlis Daerah Ulu Langat dated 9 December 1982.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	Premises No. 1, Jalan Tun Abdul Aziz, 43000 Kajang, Selangor Darul Ehsan	Premises No. 50, Jalan Raja Haroun, 43000 Kajang, Selangor Darul Ehsan	Premises No. 21, Jalan Dato Seri P. Alagendra, 43000 Kajang, Selangor Darul Ehsan
Description of the Building	A Three Storey End Terraced Shop/House	A Three Storey Mid Terraced Shop/House	A Three Storey Mid Terraced Shop/House
Tenure	99-year leasehold interest expiring on 26 June 2089	99-year leasehold interest expiring on 21 November 2067	Interest In Perpetuity
Land Area	3,451 Sq. Ft.	1,592 Sq. Ft.	1,539 Sq. Ft.
Consideration	RM4,700,000	RM1,800,000	RM2,000,000
Gross Floor Area	10,353 Sq. Ft.	4,776 Sq. Ft.	4,617 Sq. Ft.
Net Lettable Area	9,813 Sq. Ft.	4,316 Sq. Ft.	4,157 Sq. Ft.
Date Of Transaction	16-March-2012	4-July-2012	15-May-2013
Source	Valuation and Property Services Department, Ministry of Finance		
Analysis (Per Sq. Ft.) (Consideration/Net Lettable Area)	RM479	RM417	RM481
Adjustment Factor Considered	Market Condition (Time), Location, Corner/End Premium, Building, Size and Tenure.		
Effective Adjusted Value (Per Sq. Ft.)	RM574.75	RM583.87	RM577.34
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM574.75 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM7,984,396</b> and rounded up to <b>RM8,000,000</b> .		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM2.58	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM4.35 Per Sq. Ft. to RM4.56 Per Sq. Ft. in respect of the Ground Floor, RM1.37 Per Sq. Ft. to RM1.74 Per Sq. Ft. in respect of the First Floor, RM0.87 Per Sq. Ft. to RM1.13 Per Sq. Ft. in respect of the Second Floor and RM0.73 Per Sq. Ft. to RM1.26 Per Sq. Ft. in respect of the Third Floor. After making the necessary adjustments, the adjusted rentals of RM6.00 Per Sq. Ft., RM 2.10 Per Sq. Ft., RM1.50 Per Sq. Ft. and RM1.15 Per Sq. Ft. in respect of the ground, first, second and third floors, respectively, which on overall analysed to RM2.58 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.24	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.24 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5%	Based on the yield analysis of similar type of shop units in the vicinity, we note that the yields range from 4.85% to 5.11%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Comparison Method of RM8,000,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Comparison Method	RM8,000,000	
Investment Method	RM7,400,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 8 January 2014, with vacant possession is RM8,000,000 (Ringgit Malaysia Eight Million Only).

**APPENDIX A – VALUATION CERTIFICATES (Cont'd)**



**Property No. 10**

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/x
Date of Inspection:	9 January 2014
Identification/Address:	Unit No. GF-12A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang
Type of Property:	A stratified retail lot
Lot / Title / Mukim / District / State:	Strata Lot No. 15736 / Geran 97433/M1/1/126 / Mukim 12 / District of Barat Daya / Pulau Pinang
Tenure:	Interest in perpetuity
Strata Floor Area:	546 Square Metres / 5,877 Square Feet
Category of Land Use:	Building
Registered Proprietor:	C P Mall Sdn. Bhd. (Based on the latest Certified True Copy of the Strata Title conducted on 17th December 2014, the Registered Proprietor is Chippendales (M) Sdn. Bhd.)
Location:	Queensbay Mall is located in Bayan Lepas and within an integrated waterfront development project known as Queensbay. It enjoys dual frontages with the main entrance from the east via Persiaran Bayan Indah whilst the secondary entrance from the west via exit ramp from Lebuhraya Tun Dr Lim Chong Eu (formerly Bayan Lepas Expressway), travelling from Penang Bridge towards Penang International Airport/Penang Free Trade Zone. It is located about 6.0 kilometres (3.75 miles) due south-west of Georgetown City Centre.
Age:	6 years
Net Lettable Area:	546 Square Metres / 5,877 Square Feet
Planning Details:	Commercial
Certificate of Fitness for Occupation:	Issued by Majlis Perbandaran Pulau Pinang dated 1 April 2008.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn. Bhd.

b. Valuation				
1. Comparison Method				
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Property Address	Unit Nos. GF-16 & GF-17, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang	Unit No. LG-20, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang	Unit No. 1F-143A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang	Unit No. 2F-22, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang
Storey / Level	Ground Floor	Lower Ground Floor	First Floor	Second Floor
Property Type	Two Adjoining Stratified Retail Lots	A Stratified Retail Lot	A Stratified Retail Lot	A Stratified Retail Lot
Tenure	Interests In Perpetuity	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity
Strata Floor Area	912 Sq. Ft.	581 Sq. Ft.	581 Sq. Ft.	443 Sq. Ft.
Consideration	RM1,750,000	RM1,290,000	RM1,250,000	RM720,000
Date Of Transaction	18-April-2011	29-March-2013	26-April-2013	5-June-2013
Source	Valuation and Property Services Department, Ministry of Finance			
Analysis (Per Sq. Ft.) (Consideration/Strata Floor Area)	RM1,918.86	RM2,220.31	RM2,151.46	RM1,625.28
Adjustment Factor Considered	Market Condition (Time), Location/Layout/Zone, Corner/End Premium and Size.			
Effective Adjusted Value (Per Sq. Ft.)	RM1,966.83	RM2,164.80	RM2,205.25	RM1,787.81
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM1,966.83 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM11,559,066.61</b> and rounded up to <b>RM11,600,000</b> .			



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM12.20	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM14.67 to RM22.50 Per Sq. Ft. After making the necessary adjustments, the adjusted rentals range from RM11.74 Per Sq. Ft. to RM15.75 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM12.20 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM2.54	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM2.54 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.5%	Based on the yield analysis of similar type of retail lots within Queensbay Mall and transactions of shopping complexes in Penang and Kedah, we note that the yields of retail lots within Queensbay Mall range from 5.3% to 5.6% whilst the yields of shopping complexes in Penang and Kedah range from 5.4% to 6.3%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.5% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Comparison Method of RM11,600,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Comparison Method	RM11,600,000	
Investment Method	RM11,600,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 9 January 2014, with vacant possession is RM11,600,000 (Ringgit Malaysia Eleven Million And Six Hundred Thousand Only).



Property No. 11

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/vii
Date of Inspection:	10 January 2014
Identification/Address:	Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang
Type of Property:	A stratified mid retail lot
Parent Lot / Title / Mukim / District / State:	Parent Lot 9954 / Geran 61275 / Mukim 13 / District of Timor Laut / Pulau Pinang
Tenure of the Parent Title:	Interest in perpetuity
Floor Area:	276 Square Metres / 2,972 Square Feet
Category of Land Use:	Building
Registered Proprietor of the Parent Title:	Pulau Kellisa Sdn. Bhd.
Beneficial Owner:	KFC (Peninsular Malaysia) Sdn. Bhd.
Location:	Kompleks Bukit Jambul is located within Bukit Jambul commercial area and is sited off the northern side of Jalan Tun Dr Awang travelling from Tun Dr Awang roundabout to Bukit Jambul Country Club. It is located about 13 kilometres (8.08 miles) to the south-west of Georgetown City Centre.
Age:	17 years
Net Lettable Area:	276 Square Metres / 2,972 Square Feet
Planning Details:	Commercial
Certificate of Fitness for Occupation:	Issued by Majlis Perbandaran Pulau Pinang dated 24 April 1997.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn. Bhd.

b. Valuation				
1. Comparison Method				
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	
Property Address	Unit No.1-1-41, I-Avenue, Jalan Medan Kampung Relau 1, 11900 Bayan Lepas, Pulau Pinang	Unit No.1-1-28, Krystal Point, Lebuḥ Bukit Kecil 6, 11900 Bayan Lepas, Pulau Pinang	Unit Nos.1-1-20 & 1-1-21 Krystal Point, Lebuḥ Bukit Kecil 6, 11900 Bayan Lepas, Pulau Pinang	
Storey / Level	Ground Floor	Ground Floor	Ground Floor	
Description Of The Building	A Stratified Mid Retail Lot	A Stratified Mid Retail Lot	Two Contiguous Units Of Stratified Mid Retail Lots	
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interests In Perpetuity	
Floor Area	936 Sq. Ft.	1,029 Sq. Ft.	2,060 Sq. Ft.	
Consideration	RM880,000	RM940,000	RM2,050,000	
Date Of Transaction	13-September-2013	11-October-2013	23-October-2012	
Source	Valuation and Property Services Department, Ministry of Finance			
Analysis (Per Sq. Ft.) (Consideration/Floor Area)	RM940.17	RM913.51	RM995.15	
Adjustment Factor Considered	Market Condition (Time), Location and Size.			
Effective Adjusted Value (Per Sq. Ft.)	RM893.16	RM867.83	RM1,044.91	
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM893.16 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM2,654,478.63</b> and rounded down to <b>RM2,650,000</b> .			



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM6.00	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM5.03 to RM7.86 Per Sq. Ft. After making the necessary adjustments, the adjusted rentals range from RM5.53 Per Sq. Ft. to RM7.07 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM6.00 Per Sq. Ft. as fair market.
Outgoings (per sq. ft. per month)	RM1.50	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM1.50 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	6%	Based on the yield analysis of similar type of retail lots and transactions of shopping complexes in Penang and Kedah, we note that the yields of retail lots range from 5.7% to 6.1% whilst the yields of shopping complexes in Penang and Kedah range from 5.4% to 6.3%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 6% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Comparison Method of RM2,650,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Comparison Method	RM2,650,000	
Investment Method	RM2,500,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 10 January 2014, with vacant possession and subject to the strata title when issued is RM2,650,000 (Ringgit Malaysia Two Million Six Hundred And Fifty Thousand Only).



**APPENDIX A – VALUATION CERTIFICATES (Cont'd)**



**Property No. 12**

**a. Property Details**

Reference No.:	V/AI-Salām REIT/3388813/viii
Date of Inspection:	11 January 2014
Identification/Address:	Unit No. G-103, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang
Type of Property:	A stratified corner retail lot
Parent Lot / Title / Mukim / District / State:	Parent Lot 5659 / Pajakan Negeri 2352 / Mukim 01 / District of Seberang Perai Tengah / Pulau Pinang
Tenure of the Parent Title:	99-year leasehold interest expiring on 4 July 2094 (unexpired leasehold interest of about 80.53 years)
Floor Area:	310 Square Metres / 3,342 Square Feet
Category of Land Use:	Building
Registered Proprietor of the Parent Title:	Penas Sayang Development Sdn. Bhd.
Beneficial Owner:	KFC (Peninsular Malaysia) Sdn. Bhd.
Location:	The subject property is located within Megamall Pinang Shopping Complex which is located within Bandar Perai Jaya and is sited along the southern side of Jalan Baru/Butterworth Outer Ring Road at the intersection of North-South Expressway (PLUS Highway) with Jalan Baru/Butterworth Outer Ring Road. Georgetown is located about 14 kilometres (8.7 miles) to the north-west of the Subject Property whilst Seberang Jaya and Butterworth towns are located about 4.5 kilometres (2.8 miles) and 9.5 kilometres (5.9 miles) to the north and north-west of Megamall Pinang Shopping Complex, respectively.
Age:	16 years
Net Lettable Area:	310 Square Metres / 3,342 Square Feet
Planning Details:	Commercial
Certificate of Fitness for Occupation:	Issued by Majlis Perbandaran Seberang Perai dated 7 January 1998.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn. Bhd.

**b. Valuation**

**1. Comparison Method**

DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	Unit No. G-10, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang	Unit Nos. G-60 & G-61, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang	Unit No. 1-63, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang
Storey / Level	Ground Floor	Ground Floor	First Floor
Description Of The Building	A Stratified End Retail Lot	Two Contiguous Units of Stratified Corner Retail Lots	A Stratified Corner Retail Lot
Tenure Of Parent Title	99-year leasehold interest expiring on 4 July 2094	99-year leasehold interest expiring on 4 July 2094	99-year leasehold interest expiring on 4 July 2094
Strata Floor Area	3,141 Sq. Ft.	3,252 Sq. Ft.	753 Sq. Ft.
Consideration	RM2,100,000	RM2,410,000	RM550,000
Date Of Transaction	12-September-2012	18-October-2011	28-September-2011
Source	Valuation and Property Services Department, Ministry of Finance		
Analysis (Per Sq. Ft.) (Consideration/Floor Area)	RM668.58	RM741.08	RM730.41
Adjustment Factor Considered	Market Condition (Time), Location, Corner/End Premium and Size.		
Effective Adjusted Value (Per Sq. Ft.)	RM768.86	RM815.19	RM803.47
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of RM768.86 per square foot from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of RM2,569,542 and rounded up to RM2,600,000.		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM5.70	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM5.22 to RM6.42 Per Sq. Ft. After making the necessary adjustments, the adjusted rentals range from RM5.62 Per Sq. Ft to RM6.01 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM5.70 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM1.32	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM1.32 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	6%	Based on the yield analysis of similar type of retail lots within Megamall Pinang Shopping Complex and transactions of shopping complexes in Penang and Kedah, we note that the yields of retail lots within Megamall Pinang Shopping Complex range from 5.8% to 6.3% whilst the yields of shopping complexes in Penang and Kedah range from 5.4% to 6.3%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 6% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Comparison Method of RM2,600,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Comparison Method	RM2,600,000	
Investment Method	RM2,700,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 11 January 2014, with vacant possession and subject to the strata title when issued is RM2,600,000 (Ringgit Malaysia Two Million Six Hundred Thousand Only).



Property No. 13

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/ix
Date of Inspection:	11 January 2014
Identification/Address:	Unit No. G-104, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang
Type of Property:	A stratified end retail lot
Parent Lot / Title / Mukim / District / State:	Parent Lot 5659 / Pajakan Negeri 2352 / Mukim 01 / District of Seberang Perai Tengah / Pulau Pinang
Tenure of the Parent Title:	99-year leasehold interest expiring on 4 July 2094 (unexpired leasehold interest of about 80.53 years)
Floor Area:	257 Square Metres / 2,762 Square Feet
Category of Land Use:	Building
Registered Proprietor of the Parent Title:	Penas Sayang Development Sdn. Bhd.
Beneficial Owner:	Pizza Hut Restaurants Sdn. Bhd.
Location:	The subject property is located within Megamall Pinang Shopping Complex which is located within Bandar Perai Jaya and is sited along the southern side of Jalan Baru/Butterworth Outer Ring Road at the intersection of North-South Expressway (PLUS Highway) with Jalan Baru/Butterworth Outer Ring Road. Georgetown is located about 14 kilometres (8.7 miles) to the north-west of the Subject Property whilst Seberang Jaya and Butterworth towns are located about 4.5 kilometres (2.8 miles) and 9.5 kilometres (5.9 miles) to the north and north-west of Megamall Pinang Shopping Complex, respectively.
Age:	16 years
Net Lettable Area:	257 Square Metres / 2,762 Square Feet
Planning Details:	Commercial
Certificate of Fitness for Occupation:	Issued by Majlis Perbandaran Seberang Perai dated 7 January 1998.
Occupancy Status:	Occupied and managed by Pizza Hut Restaurants Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	Unit No. G-10, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang	Unit Nos. G-60 & G-61, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang	Unit No. 1-63, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13700 Perai, Pulau Pinang
Storey / Level	Ground Floor	Ground Floor	First Floor
Description Of The Building	A Stratified End Retail Lot	Two Contiguous Units of Stratified Corner Retail Lots	A Stratified Corner Retail Lot
Tenure Of Parent Title	99-year leasehold interest expiring on 4 July 2094	99-year leasehold interest expiring on 4 July 2094	99-year leasehold interest expiring on 4 July 2094
Strata Floor Area	3,141 Sq. Ft.	3,252 Sq. Ft.	753 Sq. Ft.
Consideration	RM2,100,000	RM2,410,000	RM550,000
Date Of Transaction	12-September-2012	18-October-2011	28-September-2011
Source	Valuation and Property Services Department, Ministry of Finance		
Analysis (Per Sq. Ft.) (Consideration/Floor Area)	RM668.58	RM741.08	RM730.41
Adjustment Factor Considered	Market Condition (Time), Location, Corner/End Premium and Size.		
Effective Adjusted Value (Per Sq. Ft.)	RM702.01	RM704.03	RM766.93
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM702.01 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM1,938,939.83</b> and rounded down to <b>RM1,900,000</b> .		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM5.10	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM5.22 to RM6.42 Per Sq. Ft. After making the necessary adjustments, the adjusted rentals range from RM5.06 Per Sq. Ft. to RM5.22 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM5.10 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM1.29	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM1.29 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	6%	Based on the yield analysis of similar type of retail lots within Megamall Pinang Shopping Complex and transactions of shopping complexes in Penang and Kedah, we note that the yields of retail lots within Megamall Pinang Shopping Complex range from 5.8% to 6.2% whilst the yields of shopping complexes in Penang and Kedah range from 5.4% to 6.3%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 6% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Comparison Method of RM1,900,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Comparison Method	RM1,900,000	
Investment Method	RM1,900,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 11 January 2014, with vacant possession and subject to the strata title when issued is RM1,900,000 (Ringgit Malaysia One Million Nine Hundred Thousand Only).

**APPENDIX A – VALUATION CERTIFICATES (Cont'd)**



**Property No. 14**

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/xxii(c)
Date of Inspection:	20 January 2014
Identification/Address:	Lot 5, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, 88450 Kota Kinabalu, Sabah
Type of Property:	A one and a half storey semi-detached factory
Parent Lot / Title / District / State:	Lot 20 / Country Lease 015580097/ District of Kota Kinabalu / Sabah (Based on the latest Certified True Copy of the Title conducted on 10th November 2014, new Parent Title with Country Lease 015582411 and Lot No. 20 has been issued. Other title details remain unchanged).
Tenure of The Parent Title:	99-year leasehold interest expiring on 31 December 2096 (unexpired term of about 83 years)
Land Area Of The Subject Property:	2,041 Square Metres / 21,969 Square Feet
Category of Land Use Of Parent Title:	Industrial
Registered Proprietor Of Parent Title:	K.K.I.P Sdn. Bhd.
Beneficial Owner:	KFC (Sabah) Sdn. Bhd.
Location:	The subject property is located within kawasan MIEL, KKIP Selatan within Kota Kinabalu Industrial Park which is located along the eastern side of Jalan Sepanggar main road traveling from Kota Kinabalu City towards Sepanggar. Kota Kinabalu City is located about 25 kilometres (15.5 miles) to the south west of the subject property.
Age:	14 years
Gross Floor Area:	1,206 Square Metres / 12,982 Square Feet
Planning Details:	Industrial
Certificate of Fitness for Occupation:	Issued by Majlis Perbandaran Kota Kinabalu dated 30 July 1999.
Occupancy Status:	Occupied and managed by KFC (Sabah) Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	Lot 1, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, 88450 Kota Kinabalu, Sabah	Lot 3, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, 88450 Kota Kinabalu, Sabah	Lot 18, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, 88450 Kota Kinabalu, Sabah
Description of the Building	A one and a half storey corner semi-detached factory	A one and a half storey semi-detached factory	A one and a half storey corner semi-detached factory
Tenure	99-year leasehold interest expiring on 31 December 2096 (unexpired term of about 83 year)	99-year leasehold interest expiring on 31 December 2096 (unexpired term of about 83 year)	99-year leasehold interest expiring on 31 December 2096 (unexpired term of about 83 year)
Land Area	23,293 Sq. Ft.	20,505 Sq. Ft.	28,546 Sq. Ft.
Consideration	RM2,500,000	RM1,750,000	RM2,550,000
Source	Valuation and Property Services Department, Ministry of Finance		
Gross Floor Area	12,982 Sq. Ft.	12,982 Sq. Ft.	12,982 Sq. Ft.
Date Of Transaction	30-November-2012	22-February-2011	13-September-2011
Adjustment Factor Considered	Market Condition, Difference In The Land Area, Corner/End Premium And Building.		
Effective Adjusted Value	RM2,321,446	RM2,406,760	RM2,703,906
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM2,321,446</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation and rounded down to <b>RM2,300,000</b> .		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM1.00	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM0.57 Per Sq. Ft. to RM1.57 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM0.80 Per Sq. Ft. to RM1.10 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM1.00 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.14	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.14 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	6.0%	Based on the yield analysis of similar type of semi-detached factories in the vicinity, we note that the yields range from 5.73% to 6.3%. Having considered the relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 6.0% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Comparison Method of RM2,300,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Comparison Method	RM2,300,000	
Investment Method	RM2,100,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 20 January 2014, with vacant possession is RM2,300,000 (Ringgit Malaysia Two Million And Three Hundred Thousand Only).



Property No. 15

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/xii
Date of Inspection:	21 January 2014
Identification/Address:	Premises No. 31, Lorong IKS Juru 3, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang
Type of Property:	A one and a half storey corner semi-detached factory
Lot / Title / Mukim / District / State:	Lot 3499 / HS(D) 32149 / Mukim 13 / District of Seberang Perai Tengah / Pulau Pinang (Based on the latest Certified True Copy of the Title conducted on 19th December 2014, new title with GRN 149808 and Lot No. 3499 has been issued. Other title details remain unchanged).
Tenure:	Interest In Perpetuity
Land Area:	1,109 Square Metres / 11,937 Square Feet
Category of Land Use:	Nil
Registered Proprietor:	KFC (Peninsular Malaysia) Sdn. Bhd.
Location:	The subject property is located within Taman IKS Juru, Simpang Ampat, which is sited along the western (left) side of North-South Expressway, travelling from Bukit Tambun Interchange towards Juru Interchange. Georgetown, the state capital of Penang is located about 27.0 kilometres (16.88 miles) to the north-west of the subject property. Butterworth and Bukit Mertajam towns are located about 20.0 kilometres (12.5 miles) and about 10.0 kilometres (6.25 miles) to the north-west and north-east of the subject property, respectively.
Age:	16 years
Gross Floor Area:	286.33 Square Metres / 3,082 Square Feet
Planning Details:	Industrial
Certificate of Fitness for Occupation:	Issued by Majlis Perbandaran Seberang Perai dated 19 November 1997.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn. Bhd.

b. Valuation			
1. Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	Premises No. 31, Jalan Industri Beringin, Taman Industri Beringin, 14100 Simpang Ampat, Pulau Pinang	Premises No. 41, Lorong Industri Ringan 1, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang	Premises No. 4, Lorong IKS Juru 3, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang
Description of the Building	A One And A Half Storey Corner Semi-Detached Factory	A One And A Half Storey Semi-Detached Factory	A One And A Half Storey Semi-Detached Factory
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity
Land Area	9,386 Sq. Ft.	5,285 Sq. Ft.	5,995 Sq. Ft.
Consideration	RM1,000,000	RM710,000	RM800,000
Source	Valuation and Property Services Department, Ministry of Finance		
Gross Floor Area	3,717 Sq. Ft.	2,212 Sq. Ft.	2,850 Sq. Ft.
Date Of Transaction	26-December-2012	25-June -2013	11-January-2013
Adjustment Factor Considered	Market Condition, Corner/End Premium, Difference In Land Area, Difference In Building Area/Condition And Size.		
Effective Adjusted Value	RM1,125,002	RM1,316,524	RM1,244,007
Market Value	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM1,125,002</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation and rounded up to <b>RM1,130,000</b> .		



2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM2.00	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM1.50 Per Sq. Ft. to RM2.04 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM1.84 Per Sq. Ft. to RM2.00 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM2.00 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.25	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.25 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.0%	Based on the yield analysis of similar type of semi-detached factories in the vicinity, we note that the yields range from 4.96% to 5.22%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.0% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Comparison Method of RM1,130,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Comparison Method	RM1,130,000	
Investment Method	RM1,200,000	

4. Opinion of Values

We are of the opinion that the Market Value of the subject property as at 21 January 2014, with vacant possession is RM1,130,000 (Ringgit Malaysia One Million One Hundred And Thirty Thousand Only).





Property No. 16

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/Xiii
Date of Inspection:	21 February 2014
Identification/Address:	Premises No. 3, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan
Type of Property:	An industrial complex comprising a double storey detached warehouse with a three storey integral office building
Lot / Title / Mukim / District / State:	Lot 9, Section 21 / Pajakan Negeri 11243 / Town of Port Swettenham / District of Klang / Selangor Darul Ehsan
Tenure:	99-year leasehold interest expiring on 15 March 2087 (unexpired leasehold interest of about 73 years)
Land Area:	28,257 Square Metres / 304,158 Square Feet
Category of Land Use:	Industrial
Registered Proprietor:	Pintas Tiara Sdn. Bhd.
Location:	The subject property is located in Port Klang and is sited off the northern (right) side of Jalan Pelabuhan Utara, travelling from Port Klang town towards North Port. Port Klang town is located about 3.5 kilometres (2.19 miles) to the south-east of the subject property. Klang town and Kuala Lumpur City Centre are located about 12.0 kilometres (7.50 miles) and 45.0 kilometres (28.13 miles) to the north-east of the subject property, respectively.
Age:	18 years
Gross Floor Area:	28,472.31 Square Metres / 306,476 Square Feet
Planning Details:	Industrial / The building plans for the additional three storey integral office building were approved on 17 January 2012.
Certificate of Fitness for Occupation:	Issued by Majlis Perbandaran Klang dated 7 August 1996 and 25 October 1997, respectively.
Occupancy Status:	Occupied and managed by KFC Manufacturing Sdn. Bhd. (Logistics Department)

b. Valuation				
1. Cost Method				
i. Land Component – Comparison Method				
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Property Address	Lot 40748, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	Lot 40770, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	PT No. 4231, Lingkaran Hishamuddin, Kawasan Perusahaan Selat Klang Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	PT No. 4250, Solok Hishamuddin 7, Kawasan Perusahaan Selat Klang Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan
Description of the Building	A Parcel of Industrial Land	A Parcel of Industrial Land	A Parcel of Industrial Land	A Parcel of Industrial Land
Tenure	99-year leasehold interest expiring on 15th March 2087	99-year leasehold interest expiring on 15th March 2087	99-year leasehold interest expiring on 6th September 2086	99-year leasehold interest expiring on 6th September 2086
Land Area	92,774 Sq. Ft.	37,146 Sq. Ft.	337,764 Sq. Ft.	94,720 Sq. Ft.
Consideration	RM4,082,056	RM1,671,595	RM12,161,304	RM3,790,200
Source	Valuation and Property Services Department, Ministry of Finance			
Date Of Transaction	20-November-2013	11-April-2013	6-September-2012	28-December-2011
Analysis (Per Sq. Ft.)	RM44.00	RM45.00	RM36.01	RM40.01
Adjustment Factor Considered	Market Condition, Location/Accessibility And Size.			
Effective Adjusted Value (Per Sq. Ft.)	RM38.50	RM37.13	RM39.61	RM42.02
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM38.50 per square foot</b> from the adjustments of Comparable 1 which is the nearest and on the same row with the subject property, as fair representation which translates into a market value of <b>RM11,710,083</b> .			



ii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
Double Storey Detached Warehouse	RM160 psf	RM29,974,528
A Three Storey Integral Office Building	RM180 psf	RM2,332,800
Site Improvement And Other Ancillary Building	-	RM739,810
<b>Total</b>		<b>RM33,047,138</b>

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

iii. The Market Value derived from the Cost Method is RM44,757,221 and we have rounded up to RM44,800,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM1.10	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM1.09 Per Sq. Ft. to RM1.61 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM1.09 Per Sq. Ft. to RM1.13 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM1.10 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.16	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.16 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	7.5%	Based on the yield analysis of similar type of industrial premises in the vicinity, we note that the yields range from 7.08% to 8.6%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 7.5% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Cost Method	RM44,800,000	We have considered the market value derived from the Cost Method of RM44,800,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM43,300,000	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 21 February 2014, with vacant possession is RM44,800,000 (Ringgit Malaysia Forty Four Million And Eight Hundred Thousand Only).

**APPENDIX A – VALUATION CERTIFICATES (Cont'd)**



**Property No. 17**

a. Property Details	
Reference No.:	VIAI-Salām REIT/3388813/xiv
Date of Inspection:	28 February 2014
Identification/Address:	Premises No. 6, Jalan Gerudi, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan
Type of Property:	An industrial complex comprising a single storey detached factory, a single storey detached warehouse with a double storey integral production building and a three storey office building
Lot / Title / Mukim / District / State:	Lot 59560, Section 21 / Pajakan Negeri 8616 / Town of Port Swettenham / District of Klang / Selangor Darul Ehsan
Tenure:	99-year leasehold interest expiring on 15 March 2087 (unexpired leasehold interest of about 73 years)
Land Area:	20,451 Square Metres / 220,128 Square Feet
Category of Land Use:	Industrial
Registered Proprietor:	Pintas Tiara Sdn. Bhd.
Location:	The subject property is located in Port Klang and is sited off the northern (right) side of Jalan Pelabuhan Utara, travelling from Port Klang town towards North Port. Port Klang town is located about 3.5 kilometres (2.19 miles) to the south-east of the subject property. Klang town and Kuala Lumpur City Centre are located about 12.0 kilometres (7.50 miles) and 45.0 kilometres (28.13 miles) to the north-east of the subject property, respectively.
Age:	10 years
Gross Floor Area:	10,968.79 Square Metres / 118,068 Square Feet
Planning Details:	Industrial
Certificate of Fitness for Occupation / Certificate of Completion and Compliance:	Issued by Majlis Perbandaran Klang dated 12 February 2004 / Issued by Cvist Group Consultants Sdn Bhd dated 23 February 2011 for the single storey detached factory and the double storey production building.
Occupancy Status:	Occupied and managed by Region Food Industries Sdn. Bhd.

b. Valuation				
1. Cost Method				
i. Land Component – Comparison Method				
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Property Address	Lot 40748, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	Lot 40770, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	PT No. 4231, Lingkaran Hishamuddin, Kawasan Perusahaan Selat Klang Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	PT No. 4250, Solok Hishamuddin 7, Kawasan Perusahaan Selat Klang Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan
Description of the Building	A Parcel of Industrial Land	A Parcel of Industrial Land	A Parcel of Industrial Land	A Parcel of Industrial Land
Tenure	99-year leasehold interest expiring on 15th March 2087	99-year leasehold interest expiring on 15th March 2087	99-year leasehold interest expiring on 6th September 2086	99-year leasehold interest expiring on 6th September 2086
Land Area	92,774 Sq. Ft.	37,146 Sq. Ft.	337,764 Sq. Ft.	94,720 Sq. Ft.
Consideration	RM4,082,056	RM1,671,595	RM12,161,304	RM3,790,200
Source	Valuation and Property Services Department, Ministry of Finance			
Date Of Transaction	20-November-2013	11-April-2013	6-September-2012	28-December-2011
Analysis (Per Sq. Ft.)	RM44.00	RM45.00	RM36.01	RM40.01
Adjustment Factor Considered	Market Condition, Location/Accessibility and Size.			
Effective Adjusted Value (Per Sq. Ft.)	RM40.70	RM39.38	RM39.61	RM44.02
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM40.70 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM8,959,210</b> .			



ii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
Three Storey Office Building	RM200 psf	RM2,364,804
A Single Storey Detached Factory (Production Area)	RM150 psf	RM9,844,380
A Single Storey Detached Warehouse	RM150 psf	RM1,313,208
A Double Storey Integral Production Building (Mayonnaise Production Building)	RM200 psf	RM1,325,720
Site Improvement And Other Ancillary Building	-	RM1,732,910
Total		RM16,581,022

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

ii. The Market Value derived from the Cost Method is RM25,540,232 and we have rounded down to RM25,500,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM1.50	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM1.09 Per Sq. Ft. to RM1.61 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM1.40 Per Sq. Ft. to RM1.53 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM1.50 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.20	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.20 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	7.5%	Based on the yield analysis of similar type of industrial premises in the vicinity, we note that the yields range from 7.08% to 8.6%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 7.5% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Cost Method	RM25,500,000	We have considered the market value derived from the Cost Method of RM25,500,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM22,900,000	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 28 February 2014, with vacant possession is RM25,500,000 (Ringgit Malaysia Twenty Five Million And Five Hundred Thousand Only).



Property No. 18

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/xv
Date of Inspection:	25 February 2014
Identification/Address:	Premises Nos. 17, 19 & 21, Jalan Pemaju U1/15, Section U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan
Type of Property:	An industrial complex comprising a double storey detached factory with a two level integral office and an annexed single storey warehouse
Lot / Title / Town / District / State:	Lot 61718 / Geran 215115 / Town of Glenmarie / District of Petaling / Selangor Darul Ehsan
Tenure:	Interest In Perpetuity
Land Area:	18,791 Square Metres / 202,265 Square Feet
Category of Land Use:	Industrial
Registered Proprietor:	KFC Manufacturing Sdn. Bhd. (Based on the latest Certified True Copy of the Title conducted on 10 <sup>th</sup> December 2014, the Registered Proprietor is QSR Manufacturing Sdn. Bhd.)
Location:	The subject property is located in Hicom Glenmarie Industrial Park which is sited off the northern (right) and along the southern (left) sides of Federal Highway and New Klang Valley Expressway, respectively. Kuala Lumpur city centre and Shah Alam city are located about 30 kilometres (18.64 miles) and 10.0 kilometres (6.21 miles) to the north-east and north-west of the subject property, respectively.
Age:	16 years
Gross Floor Area:	13,826.48 Square Metres / 148,827 Square Feet
Planning Details:	Industrial / The latest internal renovation plans were approved on 27 August 2009.
Certificate of Fitness for Occupation:	Issued by Majlis Perbandaran Shah Alam dated 22 April 1998.
Occupancy Status:	Occupied and managed by QSR Manufacturing Sdn. Bhd.

b. Valuation			
1. Cost Method			
i. Land Component – Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	Lot 61760, Jalan U1/19, Section U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan	Lot 61761, Jalan U1/19, Section U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan	PT No. 1956, Jalan U1/15, Section U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan
Description of the Building	A Parcel of Industrial Land	A Parcel of Industrial Land	A Parcel of Industrial Land
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity
Land Area	42,025 Sq. Ft.	45,015 Sq. Ft.	33,874 Sq. Ft.
Consideration	RM8,779,875	RM8,777,730	RM6,266,695
Source	Valuation and Property Services Department, Ministry of Finance		
Date Of Transaction	31-May-2013	14-May-2013	3-May-2012
Analysis (Per Sq. Ft.)	RM208.92	RM195.00	RM185.00
Adjustment Factor Considered	Market Condition And Size.		
Effective Adjusted Value (Per Sq. Ft.)	RM193.25	RM180.37	RM194.25
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM193.25 per square foot</b> from the adjustments of Comparable 1 which has the least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM39,087,966.94</b> .		



iii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
A Double Storey Detached Factory	RM130 psf	RM8,494,886.40
A Two Level Integral Office	RM180 psf	RM866,836.80
A Single Storey Annexed Warehouse	RM150 psf	RM4,268,802.00
Site Improvement And Other Ancillary Building	-	RM670,734.15
<b>Total</b>		<b>RM14,301,259.35</b>

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

ii. The Market Value derived from the Cost Method is RM53,389,226.29 and we have rounded up to RM53,400,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM2.20	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM1.89 Per Sq. Ft. to RM2.20 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM2.09 Per Sq. Ft. to RM2.28 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM2.20 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.25	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.25 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	7.0%	Based on the yield analysis of similar type of industrial premises in the vicinity, we note that the yields range from 6.94% to 8.6%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 7.0% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Cost Method of RM53,400,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Cost Method	RM53,400,000	
Investment Method	RM45,800,000	

We note that the market value derived from the Investment Method is based on the asking rentals of similar type of properties as actual rental comparables are treated as confidential information and are not made available to public. The rental comparables are also subject to various covenants and responsibilities of landlords and tenants which require further complicated analysis. The Subject Property is rarely transacted and developed according to the specific use of a particular business or industrial requirement. Thus, the Market Value derived from the Cost Method considered fair and accurate representation compared to Investment Method which is adopted as a check method.

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 25 February 2014, with vacant possession is RM53,400,000 (Ringgit Malaysia Fifty Three Million And Four Hundred Thousand Only).



Property No. 19

a. Property Details	
Reference No.:	V/Al-Salām REIT/3388813/ xxxiii
Date of Inspection:	11 February 2014
Identification/Address:	Lot 14083, Jalan Kuchai Lama, 58200 Kuala Lumpur
Type of Property:	A parcel of commercial land accommodating a single storey KFC and Pizza Hut Restaurants with KFC Drive-Through Facility
Lot / Title / Mukim / District / State:	Lot 14083 / Pajakan Negeri (WP) 1421 / Mukim of Petaling / District of Kuala Lumpur / Federal Territory Kuala Lumpur
Tenure:	99-year leasehold interest expiring on 8 February 2064 (unexpired leasehold interest of about 50 years)
Land Area:	4,049 Square Metres / 43,583 Square Feet
Category of Land Use:	Building
Registered Proprietor:	Kentucky Fried Chicken (M) Sdn. Bhd.
Location:	The subject property is sited along the northern side of Jalan Kuchai Lama. Kuala Lumpur city centre is located about 8 kilometres (4.96 miles) to the north-east of the subject property whilst Petaling Jaya city centre is located about 7 kilometres (4.34 miles) to the north-west of the subject property.
Age:	6 years
Gross Floor Area:	990.25 Square Metres / 10,659 Square Feet
Net Lettable Area:	893.73 Square Metres / 9,620 Square Feet
Planning Details:	Commercial / The building plans were approved on 12 October 2004.
Certificate of Fitness for Occupation:	Issued by Dewan Bandaraya Kuala Lumpur dated 4 March 2008.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn Bhd and Pizza Hut Restaurants Sdn Bhd.

b. Valuation				
1. Cost Method				
i. Land Component – Comparison Method				
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Property Address	Lot 34235, Jalan Sungai Besi, 58200 Kuala Lumpur	Lot 39904, Jalan Kelang Lama, 58200 Kuala Lumpur	Lot 7576B, Jalan Kelang Lama, 58200 Kuala Lumpur	Lot 1242 & 2650, Jalan Kelang Lama, 58200 Kuala Lumpur
Description of the Building	A Parcel of Commercial Land	A Parcel of Commercial Land	A Parcel of Commercial Land	Two Contiguous Parcels of Commercial Land
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity	Interests In Perpetuity
Land Area	97,112 Sq. Ft.	19,354 Sq. Ft.	24,240 Sq. Ft.	130,680 Sq. Ft.
Consideration	RM23,584,242	RM5,806,200	RM10,200,000	RM63,500,000
Source	Valuation and Property Services Department, Ministry of Finance			
Date Of Transaction	28-August 2013	10-June-2013	3-May-2012	22-June-2012
Analysis (Per Sq. Ft.)	RM242.86	RM300.00	RM420.79	RM485.92
Adjustment Factor Considered	Market Condition, Location, Shape And Tenure.			
Effective Adjusted Value (Per Sq. Ft.)	RM230.71	RM232.50	RM252.48	RM242.96
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM230.71 per square foot</b> from the adjustments of Comparable 1 which is the latest transaction and also being the nearest to the subject property, as fair representation which translates into a market value of <b>RM10,055,177.71</b> .			



ii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
Main Floor Area	RM300 psf	RM2,643,696.00
Ancillary Floor Area	RM150 psf	RM63,360.00
Site Improvement And Other Ancillary Building	-	RM1,096,835.00
<b>Total</b>		<b>RM3,803,891.00</b>

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

iii. The Market Value derived from the Cost Method is RM13,859,068.71 and we have rounded up to RM13,900,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM5.50	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM4.91 Per Sq. Ft. to RM6.08 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM4.91 Per Sq. Ft. to RM6.08 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM5.50 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.84	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.84 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.1%	Based on the yield analysis of similar type of commercial properties in the vicinity, we note that the yields range from 4.96% to 5.32%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.1% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	We have considered the market value derived from the Cost Method of RM13,900,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Cost Method	RM13,900,000	
Investment Method	RM11,200,000	

We note that the market value derived from the Investment Method is based on the asking rentals of similar type of properties as actual rental comparables are treated as confidential information and are not made available to public. The rental comparables are also subject to various covenants and responsibilities of landlords and tenants which require further complicated analysis. The Subject Property is rarely transacted and developed according to the specific use of a particular business or industrial requirement. Thus, the Market Value derived from the Cost Method considered fair and accurate representation compared to Investment Method which is adopted as a check method.

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 11 February 2014, with vacant possession is RM13,900,000 (Ringgit Malaysia Thirteen Million And Nine Hundred Thousand Only).





Property No. 20

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/xxv
Date of Inspection:	12 February 2014
Identification/Address:	Lot 59060, Jalan Prima 1, Metro Prima, Off Jalan Kepong, 52100 Kuala Lumpur
Type of Property:	A parcel of commercial land accommodating a double storey KFC and Pizza Hut Restaurants with KFC Drive-Through Facility
Lot / Title / Mukim / District / State:	Lot 59060 / Pajakan Negeri (WP) 33135 / Mukim of Batu / District of Kuala Lumpur / Federal Territory Kuala Lumpur
Tenure:	96-year leasehold interest expiring on 28 April 2096 (unexpired leasehold interest of about 82.3 years).
Land Area:	2,841 Square Metres / 30,580 Square Feet
Category of Land Use:	Building
Registered Proprietor:	Wangsa Progresi Sdn. Bhd. (Based on the latest Certified True Copy of the Title conducted on 11th December 2014, the Registered Proprietor is KFC (Peninsular Malaysia) Sdn. Bhd.)
Location:	The subject property is sited along the northern side of Jalan Kuchai Lama. Kuala Lumpur city centre is located about 8 kilometres (4.96 miles) to the north-east of the subject property whilst Petaling Jaya city centre is located about 7 kilometres (4.34 miles) to the north-west of the subject property.
Age:	8.7 years
Gross Floor Area:	1,284.57 Square Metres / 13,827 Square Feet
Net Lettable Area:	1,091.61 Square Metres / 11,750 Square Feet
Planning Details:	Commercial / The latest extension and renovation plans were approved on 4 December 2013.
Certificate of Fitness for Occupation:	Issued by Dewan Bandaraya Kuala Lumpur dated 30 May 2005.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn Bhd and Pizza Hut Restaurants Sdn Bhd.

b. Valuation			
1. Cost Method			
i. Land Component – Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	Lot 21131, Persiaran Dagang, PJU 9, 53000 Bandar Sri Damansara, Selangor Darul Ehsan	Lot 64511, Jalan Desa 2/2, 52100 Taman Perindustrian Ehsan Jaya, Selangor Darul Ehsan	Lot 21777, Persiaran Margosa, 53000 Bandar Baru Sri Damansara, Selangor Darul Ehsan
Description of the Building	A Parcel of Commercial Land	A Parcel of Commercial Land	A Parcel of Commercial Land
Tenure	Interest In Perpetuity	Interest In Perpetuity	Interests In Perpetuity
Land Area	21,011 Sq. Ft.	80,245 Sq. Ft.	46,407 Sq. Ft.
Consideration	RM6,380,000	RM19,256,000	RM12,000,000
Source	Valuation and Property Services Department, Ministry of Finance		
Date Of Transaction	13-May-2011	8-November 2012	25-September-2012
Analysis (Per Sq. Ft.)	RM303.65	RM239.97	RM258.58
Adjustment Factor Considered	Market Condition, Location, Size And Tenure.		
Effective Adjusted Value (Per Sq. Ft.)	RM364.38	RM365.95	RM349.09
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM364.38 per square foot</b> from the adjustments of Comparable 1 which has least dissimilarities against the subject property and also being the nearest to the subject property, as fair representation which translates into a market value of <b>RM11,142,757.60</b> .		



ii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
Main Floor Area	RM300 psf	RM2,639,334.00
Ancillary Floor Area	RM150 psf	RM363,465.00
Site Improvement And Other Ancillary Building	-	RM632,753.00
<b>Total</b>		<b>RM3,635,552</b>

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

iii. The Market Value derived from the Cost Method is RM14,778,309.60 and we have rounded up to RM14,800,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM6.15	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM4.50 Per Sq. Ft. to RM5.50 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM5.63 Per Sq. Ft. to RM6.60 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM6.15 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.66	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.66 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.25%	Based on the yield analysis of similar type of commercial properties in the vicinity, we note that the yields range from 5.13% to 5.65%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.25% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Cost Method	RM14,800,000	We have considered the market value derived from the Cost Method of RM14,800,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM14,800,000	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 12 February 2014, with vacant possession is RM14,800,000 (Ringgit Malaysia Fourteen Million And Eight Hundred Thousand Only).

**APPENDIX A – VALUATION CERTIFICATES (Cont'd)**



**Property No. 21**

<b>a. Property Details</b>	
Reference No.:	V/AI-Salām REIT/3388813/xxxvi
Date of Inspection:	13 February 2014
Identification/Address:	PT No. 6878, Jalan 8/27A, Pusat Bandar Wangsa Maju, 53300 Kuala Lumpur
Type of Property:	A parcel of commercial land accommodating a single storey KFC and Pizza Hut Restaurants with KFC Drive-Through Facility
Lot / Title / Mukim / District / State:	PT No. 6878 / HS(D) 99750 / Mukim of Setapak / District of Kuala Lumpur / Federal Territory Kuala Lumpur
Tenure:	83-year leasehold interest expiring on 19 April 2083 (unexpired leasehold interest of about 69.2 years)
Land Area:	5,352 Square Metres / 57,608 Square Feet
Category of Land Use:	Building
Registered Proprietor:	WP Properties Holdings Sdn. Bhd. (Based on the latest Certified True Copy of the Title conducted on 11th December 2014, the Registered Proprietor is KFC (Peninsular Malaysia) Sdn. Bhd.)
Location:	The subject property is located within the commercial centre of Bandar Baru Wangsa Maju. Kuala Lumpur City Centre is located about 10 kilometres (6.21 miles) to the south-west of the subject property.
Age:	9.3 years
Gross Floor Area:	1,305.85 Square Metres / 14,056 Square Feet
Net Lettable Area:	1,161.29 Square Metres / 12,500 Square Feet
Planning Details:	Commercial / The latest extension and renovation plans were approved on 2 August 2012.
Certificate of Fitness for Occupation:	Issued by Dewan Bandaraya Kuala Lumpur dated 25 October 2004.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn Bhd and Pizza Hut Restaurants Sdn Bhd.

<b>b. Valuation</b>			
1. Cost Method			
i. Land Component – Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	Lot 28057, Jalan Wangsa Delima, Bandar Baru Wangsa Maju, 53300 Kuala Lumpur	Lot 26922, Jalan 26/26, Off Jalan Genting Kelang, Bandar Baru Wangsa Maju, 53300 Kuala Lumpur	Lot 3727, Batu 3 1/2 Jalan Gombak, 53300 Kuala Lumpur
Description of the Building	A Parcel of Commercial Land	A Parcel of Commercial Land	A Parcel of Commercial Land
Tenure	85-year leasehold interest expiring on 19/4/2083 (unexpired term of about 69.2 years)	92-year leasehold interest expiring on 24/2/2083 (unexpired term of about 69.1 years)	Interest In Perpetuity
Land Area	66,661 Sq. Ft.	261,348 Sq. Ft.	19,052 Sq. Ft.
Consideration	RM21,660,210	RM82,000,000	RM6,380,000
Source	Valuation and Property Services Department, Ministry of Finance		
Date Of Transaction	5-March-2013	15-December-2012	30-December-2011
Analysis (Per Sq. Ft.)	RM324.93	RM313.76	RM334.87
Adjustment Factor Considered	Market Condition, Location, Size And Tenure.		
Effective Adjusted Value (Per Sq. Ft.)	RM349.30	RM392.20	RM351.62
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM349.30 per square foot</b> from the adjustments of Comparable 1 which has least dissimilarities against the subject property and also being the nearest to the subject property, as fair representation which translates into a market value of <b>RM20,122,537.81</b> .		



ii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
Main Floor Area	RM300 psf	RM2,463,120.00
Ancillary Floor Area	RM150 psf	RM446,520.00
Site Improvement And Other Ancillary Building	-	RM1,155,040.00
<b>Total</b>		<b>RM4,064,680.00</b>

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

iii. The Market Value derived from the Cost Method is RM24,187,217.81 and we have rounded up to RM24,200,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM9.00	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM4.89 Per Sq. Ft. to RM7.79 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM7.34 Per Sq. Ft. to RM10.91 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM9.00 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.98	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.98 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.25%	Based on the yield analysis of similar type of commercial properties in the vicinity, we note that the yields range from 5.10% to 5.42%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.25% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Cost Method	RM24,200,000	We have considered the market value derived from the Cost Method of RM24,200,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM22,900,000	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 13 February 2014, with vacant possession is RM24,200,000 (Ringgit Malaysia Twenty Four Million And Two Hundred Thousand Only).



Property No. 22

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/iii
Date of Inspection:	24 January 2014
Identification/Address:	PT No. 2281, Jalan Kuala Ketil, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah Darul Aman
Type of Property:	A parcel of commercial land accommodating a single storey KFC Restaurant with KFC Drive-Through Facility
Lot / Title / Mukim / District / State:	PT No. 2281 / HS(D) 125211 / Town of Sungai Petani / District of Kuala Muda / Kedah Darul Aman
Tenure:	Interest In Perpetuity
Land Area:	4,047 Square Metres / 43,562 Square Feet
Category of Land Use:	Building
Registered Proprietor:	SPM Restaurants Sdn. Bhd.
Location:	The subject property is located within Bandar Puteri Jaya, Sungai Petani, which is sited along the northern (left) side of Jalan Kuala Ketil travelling from Sungai Petani town centre towards Kuala Ketil/Baling and off the eastern side of Sungai Petani Eastern Bypass.
Age:	2 years
Gross Floor Area:	806.85 Square Metres / 8,685 Square Feet
Net Lettable Area:	681.44 Square Metres / 7,335 Square Feet
Planning Details:	Commercial / The building plans were approved on 29 December 2011.
Certificate of Completion And Compliance:	Issued by Arkitek Unireka dated 18 June 2012.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn Bhd

b. Valuation				
1. Cost Method				
i. Land Component – Comparison Method				
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Property Address	Lots 26682 & 26683, Jalan Lencong Timur, 08000 Sungai Petani, Kedah Darul Aman	PT No. 33766, Jalan Laguna, Bandar Laguna Merbok, 08000 Sungai Petani, Kedah Darul Aman	Lot 14601, Taman Bandar Baru, 08000 Sungai Petani, Kedah Darul Aman	Lot 2165, Jalan Market, 08000 Sungai Petani, Kedah Darul Aman
Description of the Building	2 Contiguous Parcels of Commercial Land	A Parcel of Commercial Land	A Parcel of Commercial Land Designated For Petrol Station Use	A Parcel of Commercial Land Designated For Petrol Station Use
Tenure	Interests In Perpetuity	Interest In Perpetuity	Interest In Perpetuity	Interest In Perpetuity
Land Area	67,048 Sq. Ft.	266,0007 Sq. Ft.	19,332 Sq. Ft.	13,967 Sq. Ft.
Consideration	RM2,300,000	RM9,310,245	RM1,130,000	RM553,000
Source	Valuation and Property Services Department, Ministry of Finance			
Date Of Transaction	29-May-2012	3-December-2013	2-August-2012	21-June-2012
Analysis (Per Sq. Ft.)	RM34.30	RM35.00	RM58.45	RM39.59
Adjustment Factor Considered	Market Condition, Location And Size.			
Effective Adjusted Value (Per Sq. Ft.)	RM40.31	RM43.75	RM43.84	RM37.61
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM40.31 per square foot</b> from the adjustments of Comparable 1 which is the nearest to the subject property, as fair representation which translates into a market value of <b>RM1,755,851.11</b> .			



ii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
Main Floor Area	RM275 psf	RM1,741,177.08
Ancillary Floor Area	RM150 psf	RM284,991.78
Site Improvement And Other Ancillary Building	-	RM1,257,453.14
<b>Total</b>		<b>RM3,283,621.99</b>

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

ii. The Market Value derived from the Cost Method is RM5,039,473.10 and we have rounded down to RM5,000,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM3.00	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM2.72 Per Sq. Ft. to RM3.10 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM2.85 Per Sq. Ft. to RM3.26 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM3.00 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.26	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.26 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.0%	Based on the yield analysis of similar type of commercial properties in the vicinity, we note that the yields range from 4.78% to 5.56%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.0% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Cost Method	RM5,000,000	We have considered the market value derived from the Cost Method of RM5,000,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM4,900,000	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 24 January 2014, with vacant possession is RM5,000,000 (Ringgit Malaysia Five Million Only).



Property No. 23

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/xviii
Date of Inspection:	12 January 2014
Identification/Address:	PT No. 217643, Jalan Kuala Kangsar, Taman Tasek Mutiara, 31400 Ipoh, Perak Darul Ridzuan
Type of Property:	A parcel of commercial land accommodating a single storey KFC and Pizza Hut Restaurants with KFC Drive-Through Facility
Lot / Title / Mukim / District / State:	PT No. 217643 / HS(D) 167062 / Mukim of Hulu Kinta / District of Kinta / Perak Darul Ridzuan (Based on the latest Certified True Copy of the Title conducted on 9th December 2014, new title with Geran 140646 and Lot No. 383044 has been issued. Other title details remain unchanged).
Tenure:	Interest In Perpetuity
Land Area:	4,047 Square Metres / 43,562 Square Feet
Category of Land Use:	Building
Registered Proprietor:	SPM Restaurants Sdn. Bhd.
Location:	The subject property is located within Taman Tasek Mutiara and along the eastern (right) side of Jalan Kuala Kangsar, travelling from Ipoh town towards Chemor/Sungai Siput. It is located about 7 kilometres (4.35 miles) to the north-west of Ipoh city centre.
Age:	3 years
Gross Floor Area:	1,274.54 Square Metres / 13,719 Square Feet
Net Lettable Area:	1,173.55 Square Metres / 12,632 Square Feet
Planning Details:	Commercial / The building plans were approved on 14 July 2010.
Certificate of Completion And Compliance:	Issued by Arkitek DCA dated 15 April 2011.
Occupancy Status:	Occupied and managed by SPM Restaurants Sdn Bhd and Pizza Hut Restaurants Sdn Bhd

b. Valuation				
1. Cost Method				
i. Land Component – Comparison Method				
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Property Address	Lot 335086, Off Jalan Kuala Kangsar, 31400 Ipoh, Perak Darul Ridzuan	Lot 176577, Taman Anda, 31400 Ipoh, Perak Darul Ridzuan	PT No. 249938, Off Jalan Lang, 31400 Ipoh, Perak Darul Ridzuan	Lot 14875S, Off Jalan Bendahara, 31400 Ipoh, Perak Darul Ridzuan
Description of the Building	A Parcel of Commercial Land	A Parcel of Commercial Land	A Parcel of Commercial Land	A Parcel of Commercial Land
Tenure	Interest In Perpetuity	99-year leasehold interest expiring on 22 April 2078 (unexpired term of about 64.3 years)	99-year leasehold interest expiring on 14 April 2112 (unexpired term of about 98.3 years)	99-year leasehold interest expiring on 18 March 2095 (unexpired term of about 81.2 years)
Land Area	65,541 Sq. Ft.	23,304 Sq. Ft.	68,146 Sq. Ft.	41,327 Sq. Ft.
Consideration	RM3,932,460	RM1,650,000	RM5,072,710	RM2,800,000
Source	Valuation and Property Services Department, Ministry of Finance			
Date Of Transaction	17-April-2013	14-March-2012	4-November-2013	6-September-2013
Analysis (Per Sq. Ft.)	RM60.00	RM70.80	RM74.44	RM67.75
Adjustment Factor Considered	Market Condition, Location And Tenure.			
Effective Adjusted Value (Per Sq. Ft.)	RM73.50	RM76.11	RM76.30	RM71.14
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM73.50 per square foot</b> from the adjustments of Comparable 1 which is located along the same road, nearest to the subject property, as fair representation which translates into a market value of <b>RM3,201,807</b> .			



ii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
Main Floor Area	RM350 psf	RM3,488,716.00
Ancillary Floor Area	RM150 psf	RM425,679.00
Site Improvement And Other Ancillary Building	-	RM1,028,219.00
Total		RM4,942,614.00

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

iii. The Market Value derived from the Cost Method is RM8,144,421.00 and we have rounded down to RM8,100,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM3.20	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM2.71 Per Sq. Ft. to RM3.04 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM3.02 Per Sq. Ft. to RM3.68 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM3.20 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.34	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.34 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.25%	Based on the yield analysis of similar type of commercial properties in the vicinity, we note that the yields range from 4.73% to 5.77%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.25% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Cost Method	RM8,100,000	We have considered the market value derived from the Cost Method of RM8,100,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM8,000,000	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 12 January 2014, with vacant possession is RM8,100,000 (Ringgit Malaysia Eight Million And One Hundred Thousand Only).





Property No. 24

a. Property Details

Reference No.:	V/AI-Salām REIT/3388813/li
Date of Inspection:	8 January 2014
Identification/Address:	PTD 171459, Jalan Persisiran Perling, Taman Perling, 81200 Johor Bahru, Johor Darul Takzim
Type of Property:	A parcel of commercial land accommodating a single storey KFC and Pizza Hut Restaurants with KFC Drive-Through Facility
Lot / Title / Mukim / District / State:	PTD 171459 / HS(M) 2181 / Mukim of Pulai / District of Johor Bahru / Johor Darul Takzim
Tenure:	Interest In Perpetuity
Land Area:	4,180.637 Square Metres / 45,000 Square Feet
Category of Land Use:	Building
Registered Proprietor:	SPM Restaurants Sdn. Bhd.
Restriction In Interest:	<p>The title of the subject property carries a restriction in interest which stipulates that "Petak-petak bangunan yang didirikan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik degan apacara sekalipun kepada orang Bukan Bumiputera/Syarikat Bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri".</p> <p>Our enquiries with the State Authority and based on consultation with Solicitors, Abdul Raman Saad &amp; Associates revealed that property market industry in Johor well aware and knowledgeable of the above Bumiputera restriction in interest and written consent in respect of the aforesaid restriction in interest will not be unreasonably withheld. We also note that the subject property is an investment property located within a well established strategic location. Our investigation also revealed that there is adequate Bumiputera purchaser market in the country to acquire such a good yielding investment property. In light of the above, the Bumiputera restriction in interest will not have any material impact on the saleability and the Market Value of the subject property.</p>
Location:	The subject property is located at No. PTD 171459, Jalan Persisiran Perling, Taman Perling, 81200 JOHOR BAHRU, about 14 kilometres north of Johor Bahru City. The Perling Mall shopping complex is located at the corner of Jalan Persisiran Perling.
Age:	2 years
Gross Floor Area:	1,265.16 Square Metres / 13,618 Square Feet
Net Lettable Area:	1,179.68 Square Metres / 12,698 Square Feet
Planning Details:	Commercial / The building plans were approved on 25 May 2011.
Certificate of Completion And Compliance:	Issued by A Karim Arkitek dated 3 January 2012.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn Bhd and Pizza Hut Restaurants Sdn Bhd

b. Valuation

1. Cost Method

i. Land Component – Comparison Method

DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	PTD 171460, Jalan Persisiran Perling, 81300 Skudai	PTD 116895, Jalan Gemilang 1, Taman Bukit Gemilang, 81300 Skudai	Lot 135498, Jalan Nakhoda1, Taman Ungku Tun Aminah, 81300 Skudai
Description of the Building	A parcel of commercial land	A parcel of commercial land	A parcel of commercial land
Tenure	Interest in perpetuity	Lease 991 years (as good as freehold)	Interest in perpetuity
Land Area	11,480 Sq. Ft.	28,350 Sq. Ft.	75,315 Sq. Ft.
Consideration	RM1,182,440	RM3,627,520	RM11,000,000
Source	Valuation and Property Services Department, Ministry of Finance		
Date Of Transaction	16-October-2012	23-January-2013	4-January-2013
Analysis (Per Sq. Ft.)	RM103.00	RM127.95	RM146.05
Adjustment Factor Considered	Market Condition, Location, Shape And Tenure.		
Effective Adjusted Value (Per Sq. Ft.)	RM169.95	RM172.74	RM182.57
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 3 and adopted the adjusted value of <b>RM182.57 per square foot</b> from the adjustments of Comparable 3 which has least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM8,215,494.92</b> .		



ii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
Main Floor Area	RM320 psf	RM3,045,600.00
Ancillary Floor Area	RM150 psf	RM395,955.00
Site Improvement And Other Ancillary Building	-	RM1,129,950.00
<b>Total</b>		<b>RM4,571,505.00</b>

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

iv. The Market Value derived from the Cost Method is RM12,786,999.92 and we have rounded up to RM12,800,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM4.80	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM5.89 Per Sq. Ft. to RM6.79 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM4.71 Per Sq. Ft. to RM5.09 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM4.80 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.50	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.50 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	6.2%	Based on the yield analysis of similar type of commercial properties in the vicinity, we note that the yields range from 5.23% to 6.21%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 6.2% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Cost Method	RM12,800,000	We have considered the market value derived from the Cost Method of RM12,800,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM12,700,000	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 8 January 2014, with vacant possession is RM12,800,000 (Ringgit Malaysia Twelve Million Eight Hundred Thousand Only).



Property No. 25

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/xlix
Date of Inspection:	13 January 2014
Identification/Address:	PTD 153154, Jalan Tampoi, Taman Damansara Aliff, 81200 Johor Bahru, Johor Darul Takzim
Type of Property:	A parcel of commercial land accommodating a single storey KFC and Pizza Hut Restaurants with KFC Drive-Through Facility
Lot / Title / Mukim / District / State:	PTD 153154 / HS(D) 491589 / Mukim of Tebrau / District of Johor Bahru / Johor Darul Takzim
Tenure:	Interest In Perpetuity
Land Area:	3,836.42 Square Metres / 41,295 Square Feet
Category of Land Use:	Building
Registered Proprietor:	KFC (Peninsular Malaysia) Sdn. Bhd.
Restriction In Interest:	<p>The title of the subject property carries a restriction in interest which stipulates that "Petak-petak bangunan yang didinkan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik degan apacara sekalipun kepada orang Bukan Bumiputera/Syarikat Bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri".</p> <p>Our enquiries with the State Authority and based on consultation with Solicitors, Abdul Raman Saad &amp; Associates revealed that property market industry in Johor well aware and knowledgeable of the above Bumiputera restriction in interest and written consent in respect of the aforesaid restriction in interest will not be unreasonably withheld. We also note that the subject property is an investment property located within a well established strategic location. Our investigation also revealed that there is adequate Bumiputera purchaser market in the country to acquire such a good yielding investment property. In light of the above, the Bumiputera restriction in interest will not have any material impact on the saleability and the Market Value of the subject property.</p>
Location:	The Subject Property is sited on the northern side of Jalan Tampoi, within the housing estate of Taman Damansara Aliff about 12 kilometres north-west of Johor Bahru City.
Age:	5 years
Gross Floor Area:	1,450.22 Square Metres / 15,610 Square Feet
Net Lettable Area:	1,313.09 Square Metres / 14,134 Square Feet
Planning Details:	Commercial / The building plans were approved on 22 January 2009.
Certificate of Completion And Compliance:	Issued by Saadon Architect dated 5 October 2009.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn Bhd and Pizza Hut Restaurants Sdn Bhd

b. Valuation			
1. Cost Method			
i. Land Component – Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	PTD 171460, Jalan Persisiran Perling, 81300 Skudai	PTD 116895, Jalan Gemilang 1, Taman Bukit Gemilang, 81300 Skudai	Lot 135498, Jalan Nakhoda1, Taman Ungku Tun Aminah, 81300 Skudai
Description of the Building	A parcel of commercial land	A parcel of commercial land	A parcel of commercial land
Tenure	Interest in perpetuity	Lease 991 years (as good as freehold)	Interest in perpetuity
Land Area	11,480 Sq. Ft.	28,350 Sq. Ft.	75,315 Sq. Ft.
Consideration	RM1,182,440	RM3,627,520	RM11,000,000
Source	Valuation and Property Services Department, Ministry of Finance		
Date Of Transaction	16-October-2012	23-January-2013	4-January-2013
Analysis (Per Sq. Ft.)	RM103.00	RM127.95	RM146.05
Adjustment Factor Considered	Market Condition, Location, Shape, Size And Tenure.		
Effective Adjusted Value (Per Sq. Ft.)	RM154.50	RM159.94	RM160.66
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 3 and adopted the adjusted value of <b>RM160.66 per square foot</b> from the adjustments of Comparable 3 which has least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM6,634,395.54</b> .		



ii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
Main Floor Area	RM320 psf	RM3,586,464.00
Ancillary Floor Area	RM150 psf	RM296,865.00
Site Improvement And Other Ancillary Building	-	RM1,075,485.00
<b>Total</b>		<b>RM4,958,814.00</b>

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

ii. The Market Value derived from the Cost Method is RM11,593,209.54 and we have rounded up to RM11,600,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM4.10	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM5.89 Per Sq. Ft. to RM6.79 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM4.07 Per Sq. Ft. to RM4.20 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM4.10 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.49	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.49 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	6.0%	Based on the yield analysis of similar type of commercial properties in the vicinity, we note that the yields range from 5.17% to 6.14%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 6.0% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Cost Method	RM11,600,000	We have considered the market value derived from the Cost Method of RM11,600,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM11,600,000	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 13 January 2014, with vacant possession is RM11,600,000 (Ringgit Malaysia Eleven Million Six Hundred Thousand Only).



Property No. 26

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/xlvi
Date of Inspection:	20 January 2014
Identification/Address:	PT No. 19503, Lebuah Ayer Keroh, 75450 Hang Tuah Jaya, Melaka
Type of Property:	A parcel of commercial land accommodating a single storey KFC and Pizza Hut Restaurants with KFC Drive-Through Facility
Lot / Title / Mukim / District / State:	Lot 19838(formerly PT No.19503) / Pajakan Mukim 4878 (formerly HS(M) 5019 / Mukim of Bukit Katil / District of Melaka Tengah / Melaka
Tenure:	99-year leasehold interest expiring on 13 May 2108 (unexpired term of about 94.4 years)
Land Area:	3,981 Square Metres / 42,851 Square Feet
Category of Land Use:	Building
Registered Proprietor:	SPM Restaurants Sdn. Bhd.
Location:	The subject property is located within the commercial centre of Taman Air Keroh Heights which is sited along the western (right) side of Lebuah Ayer Keroh, travelling from Ayer Keroh towards Melaka town. Melaka town is located about 9 kilometres (5.62 miles) to the south-west of the subject property. The Ayer Keroh exit of the North-South Highway is located about 6 kilometres (3.75 miles) to the north-east of the subject property.
Age:	2 years
Gross Floor Area:	1,617.42 Square Metres / 17,410 Square Feet
Net Lettable Area:	1,535.69 Square Metres / 16,530 Square Feet
Planning Details:	Commercial / The building plans were approved on 7 February 2011.
Certificate of Completion And Compliance:	Issued by Arkitek Azman Zainal dated 12 July 2012.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn Bhd and Pizza Hut Restaurants Sdn Bhd

b. Valuation			
1. Cost Method			
i. Land Component – Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	Lot 15702, Jalan MITC, MITC, Melaka	Lot 2610, Jalan Suria 2, Taman Malim Jaya, Melaka	Lot 7530, Leboh Ayer Keroh, Melaka
Description of the Building	A parcel of commercial land	A parcel of commercial land	A parcel of commercial land
Tenure	99-year leasehold interest expiring on 4 June 2107 (unexpired term of about 93 years)	99-year leasehold interest expiring on 7 February 2077 (unexpired term of about 63 years)	Interest in perpetuity
Land Area	46,360 Sq. Ft.	25,822 Sq. Ft.	66,628 Sq. Ft.
Consideration	RM2,539,570	RM1,807,528	RM3,264,801
Source	Valuation and Property Services Department, Ministry of Finance		
Date Of Transaction	8-February-2012	8-August-2011	17-August-2010
Analysis (Per Sq. Ft.)	RM54.78	RM70.00	RM49.00
Adjustment Factor Considered	Market Condition, Location, Size And Tenure.		
Effective Adjusted Value (Per Sq. Ft.)	RM76.69	RM77.00	RM71.05
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 1 and adopted the adjusted value of <b>RM76.69 per square foot</b> from the adjustments of Comparable 1 which is the latest transaction, being the nearest to the Subject Property and also having similar surrounding and neighbourhood, as fair representation which translates into a market value of <b>RM3,286,243.19</b> .		



ii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
Main Floor Area	RM275 psf	RM3,170,904.00
Ancillary Floor Area	RM150 psf	RM754,416.00
Site Improvement And Other Ancillary Building	-	RM830,419.20
<b>Total</b>		<b>RM4,755,739.20</b>

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

ii. The Market Value derived from the Cost Method is RM8,041,982.39 and we have rounded down to RM8,000,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM2.40	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM1.88 Per Sq. Ft. to RM2.09 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM2.26 Per Sq. Ft. to RM2.51 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM2.40 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.24	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.24 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	5.0%	Based on the yield analysis of similar type of commercial properties in the vicinity, we note that the yields range from 4.83% to 5.40%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 5.0% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Cost Method	RM8,000,000	We have considered the market value derived from the Cost Method of RM8,000,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM8,000,000	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 20 January 2014, with vacant possession is RM8,000,000 (Ringgit Malaysia Eight Million Only).



Property No. 27

a. Property Details	
Reference No.:	V/AI-Salām REIT/3388813/ivii
Date of Inspection:	7 January 2014
Identification/Address:	PTD 103231, Taman Impian Senai, 81400 Senai, Johor Darul Takzim
Type of Property:	A parcel of commercial land accommodating a single storey KFC Restaurant with Drive-Through Facility
Lot / Title / Mukim / District / State:	PTD 103231 / HS(D) 58402 / Mukim of Senai / District of Kulajjaya / Johor Darul Takzim
Tenure:	Interest In Perpetuity
Land Area:	4,047 Square Metres / 43,562 Square Feet
Category of Land Use:	Building
Registered Proprietor:	SPM Restaurants Sdn. Bhd.
Restriction In Interest:	<p>The title of the subject property carries a restriction in interest which stipulates that "Petak-petak bangunan yang didirikan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik dengan apacara sekalipun kepada orang Bukan Bumiputera/Syarikat Bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri".</p> <p>Our enquiries with the State Authority and based on consultation with Solicitors, Abdul Raman Saad &amp; Associates revealed that property market industry in Johor well aware and knowledgeable of the above Bumiputera restriction in interest and written consent in respect of the aforesaid restriction in interest will not be unreasonably withheld. We also note that the subject property is an investment property located within a well established strategic location. Our investigation also revealed that there is adequate Bumiputera purchaser market in the country to acquire such a good yielding investment property. In light of the above, the Bumiputera restriction in interest will not have any material impact on the saleability and the Market Value of the subject property.</p>
Location:	The subject property is located within the commercial area of Taman Impian Senai about 1 kilometre south of Senai town and about 23 kilometres from Johor Bahru City centre.
Gross Floor Area:	680.30 Square Metres / 7,323 Square Feet
Net Lettable Area:	564.20 Square Metres / 6,073 Square Feet
Planning Details:	Commercial / The building plans were approved by on 29 April 2013.
Certificate of Completion And Compliance:	Issued by CNC Architect dated 22 July 2014.
Occupancy Status:	Occupied and managed by KFC (Peninsular Malaysia) Sdn Bhd

b. Valuation			
1. Cost Method			
i. Land Component – Comparison Method			
DETAILS	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Property Address	PTD 106704, Jalan Kasturi 36/41, Bandar Indahpura, 81000 KULAI, Johor Darul Takzim	PTD 43856 (now Lot 53933), Jalan Pontian Lama, Taman Universiti, 81300 SKUDAI, Johor Darul Takzim	Lot 49037, Jalan Pendidikan 1, Taman Universiti, Johor Darul Takzim
Description of the Building	A parcel of commercial land	A parcel of commercial land	A parcel of commercial land
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Land Area	101,504 Sq. Ft.	74,948 Sq. Ft.	159,790 Sq. Ft.
Consideration	RM6,872,026	RM4,646,776	RM12,144,040
Source	Valuation and Property Services Department, Ministry of Finance		
Date Of Transaction	2-May- 2012	31-May-2012	30-December-2011
Analysis (Per Sq. Ft.)	RM67.70	RM62.00	RM76.00
Adjustment Factor Considered	Market Condition, Location, Shape And Size.		
Effective Adjusted Value (Per Sq. Ft.)	RM108.32	RM108.50	RM117.80
Market Value Of Land Component	In arriving at the market value using the Comparison Method, we have emphasized upon Comparable 3 and adopted the adjusted value of <b>RM117.80 per square foot</b> from the adjustments of Comparable 3 which has least dissimilarities against the subject property, as fair representation which translates into a market value of <b>RM5,131,603.60</b> .		



ii. Building Component

Building	Replacement Cost New	Depreciated Replacement Cost (DRC)
Main Floor Area	RM320 psf	RM1,584,307.20
Ancillary Floor Area	RM160 psf	RM265,933.80
Site Improvement And Other Ancillary Building	-	RM1,095,444.00
Total		RM2,945,685.00

We have adopted straightline depreciation at a rate of 2% per annum taking into consideration estimated life span of the building of 60 years as per the common practise in the industry for similar type of properties after consultation with Contractors and Quantity Surveyors, which is fair representation.

iii. The Market Value derived from the Cost Method is RM8,077,287.60 and we have rounded up to RM8,100,000.

2. Investment Method

Main Parameters	Rate Adopted	Justification
Monthly Gross Rental (per sq. ft.)	RM4.60	We have analysed and made diligent adjustments for differences of the comparable properties against the subject property. We note that analysis of comparable rentals range between RM3.87 Per Sq. Ft. to RM6.79 Per Sq. Ft. After making the necessary adjustments, the adjusted rental range is from RM4.43 Per Sq. Ft. to RM4.75 Per Sq. Ft. In arriving at the market value using the Investment Method, we have adapted RM4.60 Per Sq. Ft. as fair market rental.
Outgoings (per sq. ft. per month)	RM0.73	We have analysed the actual past 3 years annual outgoings of the subject property, made diligent adjustments and arrived at RM0.73 per sq. ft. per month as fair outgoings.
Void	5%	We have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free and fitting out periods as fair representation for the void.
Yield	6.2%	Based on the yield analysis of similar type of commercial properties in the vicinity, we note that the yields range from 5.2% to 6.45%. Having considered the above and other relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend of similar type of properties as well as annual outgoings, we have adopted yield of 6.2% which reflects a fair yield.

3. Reconciliation of Values

Method of Valuation	Market Value	
Cost Method	RM8,100,000	We have considered the market value derived from the Cost Method of RM8,100,000 as fair and accurate representation of the market value of the subject property supported by the Investment Method.
Investment Method	RM8,100,000	

4. Opinion of Value

We are of the opinion that the Market Value of the subject property as at 7 January 2014, with vacant possession is RM8,100,000 (Ringgit Malaysia Eight Million One Hundred Thousand Only).





Chartered Surveyors  
International Property Consultants  
Registered Valuers, Real Estate Agents  
Property Managers, Plant & Machinery Valuers

05 June 2015

**Damansara REIT Managers Sdn Berhad  
(on behalf of AmanahRaya Trustee Berhad,  
as the Trustee of Al-Salām REIT)**

Unit 1-19-02, Level 19  
Block 1, VSQUARE  
Jalan Utara  
46200 Bandar Petaling Jaya  
Petaling Jaya  
**SELANGOR DARUL EHSAN**

**CHESTON INTERNATIONAL (KL) SDN. BHD.**  
(Company Reg. No: 647245 W) VE(1) 0199  
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Dear Sirs,

**UPDATE VALUATION CERTIFICATE OF 27 PROPERTIES COMPRISING**

- a) **KFC & PIZZA HUT RESTAURANTS / OUTLETS LOCATED IN SHOP/HOUSES/OFFICES AND RETAIL LOTS IN SHOPPING COMPLEXES AND LIGHT INDUSTRIAL PREMISES**
- b) **INDUSTRIAL PREMISES AND COMMERCIAL LAND ACCOMMODATING KFC & PIZZA HUT RESTAURANTS WITH DRIVE-THROUGH FACILITIES**

**IN MALAYSIA PREPARED FOR DAMANSARA REIT MANAGERS SDN BERHAD FOR THE PURPOSES OF INCLUSION IN THE PROSPECTUS OF AL-SALĀM REIT**

We were instructed by Damansara REIT Managers Sdn Berhad ("DRMSB"), to review our valuation of the abovementioned properties for the purposes of submission to the Securities Commission Malaysia for approval in conjunction with the proposed establishment of Al-Salām REIT.

This Update Valuation Certificate is prepared for the purposes of inclusion in the prospectus of Al-Salām REIT and is to be read in conjunction with our Valuation Reports bearing reference nos. V/Al-Salām/3388813(i) to (lvii) (inclusive).

We have re-inspected the properties from 25th to 29th May 2015 and the material dates of the update valuations of the above legal interests are 25th to 29th May 2015.

The Update Valuations have been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia with the necessary professional responsibility and due diligence.

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 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".

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**TERMS OF REFERENCE**

The update valuations have been carried out based on the same Terms of Reference as stated in our previous valuation reports.

**PARENT/MASTER/STRATA/INDIVIDUAL TITLE PARTICULARS**

We have obtained Certified True Copies of the titles of the subject properties from 20th to 29th May 2015 at relevant Land Registries/Offices and note that the title particulars of the subject properties have generally remained unchanged since our previous Valuation Reports with the exception of Parent Lot of Property No. 11 - Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang which has been subdivided into 3 titles comprising Lot 20306, Lot 20307 and Lot 20308. However, other details of the abovementioned parent title remained unchanged.

**GENERAL DESCRIPTION**

As at the dates of re-inspection, the physical states of the subject properties were generally remained unchanged since our last Valuation Reports.

We note that approval for internal renovation works of Property No. 9, Premises Nos. 18 & 20, Jalan Sultan Sulaiman, 43000 Kajang, which was in progress as at the date of previous valuation report, has been approved by Majlis Perbandaran Kajang on 5 March 2015 vide reference no. Ruj Bil (9)d/m.MPKJ/TPK/8/2012.

**OCCUPANCY STATUS**

The occupancy status of the subject properties remained unchanged since our last valuations.

**MARKET CONDITION**

The Malaysian economy registered growth of 5.6% in the first quarter of 2015 (4Q2014:5.7%), underpinned by the private sector demand. On the supply side, growth was supported by the major economic sectors. Moving forward, the Malaysian economy is expected to remain on a steady growth path. The underlying domestic macroeconomic fundamentals remain intact and solid. The domestic demand will remain the driver of growth amid lower oil prices. Investment activity is projected to remain resilient with continued capital spending by both private and public sectors. (Source: 1st Quarter 2015, Publication of Bank Negara Malaysia).

We note that the commercial and industrial sectors in Malaysia generally remain stable since our previous valuations.



**MARKET VALUES**

**(i) Comparison Method**

**KFC & Pizza Hut Restaurants / Outlets located in shop/houses/offices and Retail Lots in Shopping Complexes and Light Industrial Premises**

We have adopted the same comparables for similar type of properties as per our previous valuation reports as generally property prices have remained stable since our previous valuations.

**(ii) Cost Method**

**Industrial Premises and Commercial Land accommodating KFC & Pizza Hut Restaurants with Drive-Through Facilities**

We have adopted the same parameters as per our previous valuation reports in the Cost Method.

**(iii) Investment Method**

We have reassessed the market values of the subject properties with the updated details and have adopted the same parameters in the Investment Method as supportive/check method as per our previous valuation reports.

**(iv) Reconciliation Of Values**

**KFC & Pizza Hut Restaurants / Outlets located in shop/houses/offices and Retail Lots in Shopping Complexes and Light Industrial Premises**

The market values of above properties derived by the Comparison Method of Valuation whilst Investment Method as supportive/check method. We have adopted the market values derived from the Comparison Method as a fair representation of the market values of above properties.

**Industrial Premises and Commercial Land accommodating KFC & Pizza Hut Restaurants with Drive-Through Facilities**

The market values of above properties derived by the Cost Method of Valuation whilst Investment Method as supportive/check method. We have adopted the market values derived from the Cost Method as a fair representation of the market values of above properties.



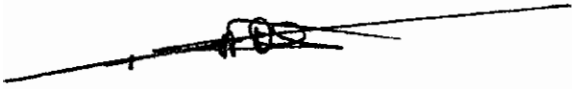
**OPINION OF VALUES**


Having regard to the foregoing, taking into consideration all pertinent factors and based upon our analysis of relevant market data, we are of the opinion that the market values of subject properties with vacant possession and subject to the title being free of all encumbrances, good, marketable and registrable are as follows: -

No.	Property Address	Market Value (RM)
1	Premises No. 34, Jalan Mahsuri, Bandar Bayan Baru, 11950 Bayan Lepas, Pulau Pinang	3,700,000
2	Premises Nos. 60 & 62, Jalan PJS 11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan	7,800,000
3	Premises No. 5, Bangunan Joota Brothers, Jalan Sungai Korok, 06000 Jitra, Kedah Darul Aman	490,000
4	Premises No. 1 & 1-1, Jalan Niaga, 81900 Kota Tinggi, Johor Darul Takzim	800,000
5	Premises No. 3, 3A & 3B, Jalan Resam 13, Taman Bukit Tiram, 81800 Ulu Tiram, Johor Darul Takzim	820,000
6	Premises No. 1, Jalan Baru Bandar 1, Pusat Bandar Baru Ayer Hitam, 86100 Ayer Hitam, Johor	1,900,000
7	Premises No. 1, Jalan Mahajaya, Kawasan Penambakan Laut, Bandar Port Dickson, 71000 Port Dickson, Negeri Sembilan Darul Khusus	1,600,000
8	Premises No. 9, Persiaran Putra Timur 1, 02000 Kuala Perlis, Perlis Indera Kayangan	450,000
9	Premises Nos. 18 & 20, Jalan Sulaiman, 43000 Kajang, Selangor Darul Ehsan	8,000,000
10	Unit No. GF-12A, Queensbay Mall, 100, Persiaran Bayan Indah, 11900 Bayan Lepas, Pulau Pinang	11,600,000
11	Unit No. 3A-G-18, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang	2,650,000
12	Unit No. G-103, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	2,600,000
13	Unit No. G-104, Megamall Pinang Shopping Complex, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Perai, Pulau Pinang	1,900,000
14	Lot 5, Lorong Tembaga 3, Kawasan MIEL, KKIP Selatan, Kota Kinabalu Industrial Park, Menggatal, 88450 Kota Kinabalu, Sabah	2,300,000
15	Premises No. 31, Lorong IKS Juru 3, Taman IKS Juru, 14100 Simpang Ampat, Pulau Pinang	1,130,000

For And On Behalf Of  
**CHESTON INTERNATIONAL (KL) SDN. BHD.**

For And On Behalf Of  
**CHESTON INTERNATIONAL (JOHOR) SDN. BHD.**

  
**G PAREMES SIVAM**  
FRISM, MRICS, MPEPS, MIPPM  
CHARTERED SURVEYOR  
REGISTERED VALUER, V-480

  
**NG HONG SIU**  
MRISM; MRICS; MPEPS; MMIEA; ACI Arb  
CHARTERED SURVEYOR  
REGISTERED VALUER, V-322

**APPENDIX A – VALUATION CERTIFICATES (Cont'd)**



No.	Property Address	Market Value (RM)
16	Premises No. 3, Lorong Gerudi 1, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	44,800,000
17	Premises No. 6, Jalan Gerudi, Off Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	25,500,000
18	Premises Nos. 17, 19 & 21, Jalan Pemaju U1/15, Sek U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan	53,400,000
19	Lot 14083, Jalan Kuchai Lama, 58200 Kuala Lumpur	13,900,000
20	Lot 59060, Jalan Prima 1, Metro Prima, Off Jalan Kepong, 52100 Kuala Lumpur	14,800,000
21	PT No. 6878, Jalan 8/27A, Pusat Bandar Wangsa Maju, 53300 Kuala Lumpur	24,200,000
22	PT No. 2281, Jalan Kuala Ketil, Bandar Puteri Jaya, 08000 Sungai Petani, Kedah Darul Aman	5,000,000
23	PT No. 217643, Jalan Kuala Kangsar, Taman Tasek Mutiara, 31400 Ipoh, Perak Darul Ridzuan	8,100,000
24	PTD No. 171459, Jalan Persiaran Perling, Taman Perling, 81200 Johor Bahru, Johor Darul Takzim	12,800,000
25	PTD 153154, Jalan Tampoi, Taman Damansara Aliiff, 81200 Johor Bahru, Johor Darul Takzim	11,600,000
26	PT No. 19503, Lebuhraya Ayer Keroh, 75450 Hang Tuah Jaya, Melaka	8,000,000
27	PTD 103231, Taman Impian Senai, 81400 Senai, Johor Darul Takzim	8,100,000
<b>TOTAL</b>		<b>277,940,000</b>

For And On Behalf Of  
**CHESTON INTERNATIONAL (KL) SDN. BHD.**

For And On Behalf Of  
**CHESTON INTERNATIONAL (JOHOR) SDN. BHD.**

**G PAREMES SIVAM**  
**FRISM, MRICS, MPEPS, MIPPM**  
**CHARTERED SURVEYOR**  
**REGISTERED VALUER, V-480**

**NG HONG SIN**  
**MRISM; MRICS; MPEPS; MMIEA; ACI Arb**  
**CHARTERED SURVEYOR**  
**REGISTERED VALUER, V-322**

SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)  
Suite 23-3, Level 23, Office Suite, Menara 1MK,  
1 Jalan Kiara, Mont' Kiara,  
50480 Kuala Lumpur, Malaysia.  
T +603 6211 2121

SMITH ZANDER

31 JUL 2015

The Board of Directors  
**DAMANSARA REIT MANAGERS SDN BERHAD**  
Unit 1-19-02, Level 19  
Block 1, V SQUARE  
Jalan Utara  
46200 Bandar Petaling Jaya  
Petaling Jaya  
Selangor

Dear Sirs,

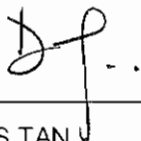
**Executive Summary of the Independent Market Research Report on the Property, Retail, and Consumer Foodservice Markets in Malaysia and Commercial Property Market in Johor, Malaysia, in relation to the initial public offering of 252,360,000 new units in Al-Salām Real Estate Investment Trust (“units”), subject to the clawback and reallocation provisions contained herein, comprising:**

- (i) 240,760,000 new units made available by way of private placement to selected institutional investors at the issue price of RM1.00 per unit, payable in full upon allocation; and
- (ii) 11,600,000 new units made available for application by the Malaysian public at the issue price of RM1.00 per unit, payable in full upon application

**in conjunction with the listing of and quotation for 580,000,000 units on the Main Market of Bursa Malaysia Securities Berhad.**

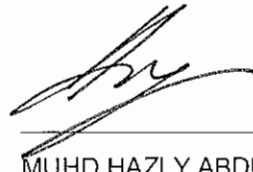
This Executive Summary of the Independent Market Research Report on the Property, Retail and Consumer Foodservice Markets in Malaysia and Commercial Property Market in Johor, Malaysia, is prepared by SMITH ZANDER INTERNATIONAL SDN BHD (“SMITH ZANDER”) and RAINE & HORNE INTERNATIONAL ZAKI + PARTNERS SDN BHD (“RAINE & HORNE”) for inclusion in the Prospectus of AL-SALĀM REAL ESTATE INVESTMENT TRUST.

For and on behalf of SMITH ZANDER:



DENNIS TAN  
MANAGING PARTNER

For and on behalf of RAINE & HORNE:



MUHD HAZLY ABDUL KARIM  
DIRECTOR

## 1 ANALYSIS OF THE PROPERTY MARKET IN MALAYSIA

### Definition and Segmentation

Developments in the property market are closely related to the economy and thereby influenced by a nation's economic development as the construction of buildings and structures are essential for the development of any country. With economic development comes an increase in demand for residential, commercial and industrial properties due to the increase in the average income of the population as well as the increase in business activities. As these property sectors (i.e. residential, commercial and industrial) develop, the infrastructure and social amenities supporting these developments must be likewise built or improved.

The mark of a country's economic development is indicated by its gross domestic production ("GDP"). The property sector is cyclical in nature and is a significant contributor to Malaysia's GDP, contributing an average of 11.8% to the nation's GDP between 2004 and 2014. Between 2004 and 2014, Malaysia's GDP increased from RM426.5 billion to RM835.0 billion at a compound annual growth rate ("CAGR") of 6.9% while total property transaction value increased from RM46.1 billion to RM128.4 billion at a higher CAGR of 10.8%.

#### Property market in Malaysia – economic contribution to GDP

Year	Real GDP (RM billion) <sup>a</sup>	Total property transaction value (RM billion)	Total property transaction value as a percentage of GDP (%)
2004	426.5	46.1	10.8
2005	543.6	45.0	8.3
2006	573.9	47.0	8.2
2007	610.1	60.0	9.8
2008	639.6	66.6	10.4
2009	629.9	65.1	10.3
2010	676.7	84.3	12.5
2011	711.4	101.0	14.2
2012	751.5	107.6	14.3
2013	787.6	120.0	15.2
2014 <sup>p</sup>	835.0	128.4	15.4
<b>CAGR 2004 – 2013</b>	<b>7.1%</b>	<b>11.2%</b>	Not applicable
<b>CAGR 2004 – 2014</b>	<b>6.9%</b>	<b>10.8%</b>	Not applicable

<sup>a</sup> Real GDP for 2004 is at constant 2000 prices while real GDP for 2005 to 2014 is at constant 2005 prices

<sup>p</sup> Preliminary

Source: Extracted from the independent market research report prepared by Raine & Horne and SMITH ZANDER

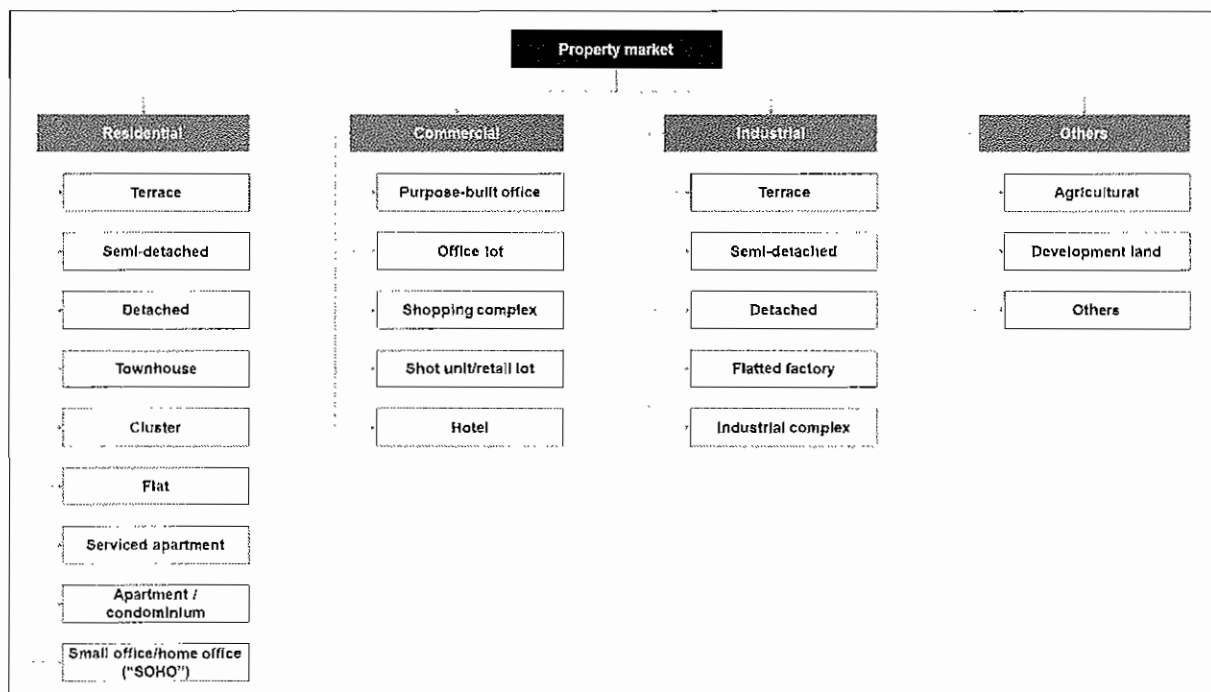
The property market is a vital building block for the development of other economic activities in the country, including construction, manufacturing, finance and business services as well as wholesale and retail trade, hotels and restaurants. The construction sector contributed to 3.9% of Malaysia's GDP in 2014. In the same year, the manufacturing sector contributed an estimated 24.6% to Malaysia's GDP, while wholesale, retail trade, hotels and restaurants collectively contributed 15.4%, and finance, insurance, real estate and business services collectively contributed approximately 14.5%. In order for these economic activities to

operate and thrive, properties such as industrial parks, office buildings, retail malls, hotels and restaurants must be built.

The property market can be divided into four (4) broad categories, namely residential, commercial, industrial and others, whereby:

- Residential properties are intended for dwelling purposes, and include landed as well as non-landed or multi-storey buildings
- Commercial properties are used for profit-driven business purposes and include office buildings, warehouses, hotels and retail outlets
- Industrial properties are buildings or structures where industrial activities are carried out, and include factories and production plants
- Others include non-building development such as agricultural and development land

**Property market in Malaysia – market segmentation**



\* The examples above are not exhaustive

Source: Extracted from the independent market research report prepared by Raine & Horne and SMITH ZANDER



## Market Performance, Outlook and Prospects

### Supply Analysis

#### *Overview*

Between 2004 and 2014, total supply of residential properties in Malaysia increased from 4.7 million units to 6.2 million units at a CAGR of 2.8%. Residential property development witnessed its greatest growth in 2008 where it registered a year-on-year growth rate of 4.6% as construction activities maintained a strong trajectory pre-global financial crisis. In 2014, incoming supply comprised 15.7% of existing stock while planned supply comprised 13.4% of existing stock. This, in comparison to the market scenario in 2004 where incoming supply comprised 18.5% of existing stock while planned supply comprised 18.0% of existing stock, suggests that demand and supply of residential properties are moving towards a state of equilibrium despite pockets of mismatch within the residential property sub-segments.

Commercial development in Malaysia, based on the supply of shops, shopping complexes, purpose-built offices and hotels, also registered positive growth between 2004 and 2014. During this period, shop units increased at a CAGR of 4.1% while shopping complexes registered an equally strong growth rate of 3.9%. Hotels and purpose-built offices registered lower growth rates of 2.3% and 1.9% respectively. The commercial shops, shopping complexes and purpose-built offices sub-segments witnessed highest year-on-year growth rates in 2007 to the tune of 6.2%, 11.1% and 7.9% respectively. The commercial property market in 2007 was vibrant owing to the implementation of the Ninth Malaysia Plan ("9MP") which contributed to capital injection, a better stock market outlook and reasonable interest rates. The saturation of business activities and land scarcity have led to the opening of newer areas away from the city centres. Growth in commercial property also intensified during that period as the Government launched several regional economic corridors including the East Coast Economic Region ("ECER"), Northern Corridor Economic Region ("NCER"), Iskandar Malaysia and the Sarawak Corridor of Renewable Energy ("SCORE").

The industrial property segment witnessed marginal growth from 114,685 units in 2004 to 125,712 units in 2014 at a CAGR of 0.9%. In the past, industrial properties have largely been functional and served as manufacturing space. However, new developments in the industrial sector have led to the construction of more properties that house the manufacturing, storage and office/showroom areas in one (1) building. The industrial property segment has also increased over this period as a result of developments in the regional economic corridors including the ECER, NCER, Iskandar Malaysia and SCORE, albeit at a slower pace, as the Government's focus is to position Malaysia as an investment destination for high value-added, high technology, knowledge-intensive and innovation-based industries.

Ongoing decentralisation of office developments, scarcity of land and plans to improve the public transportation system in Malaysia via the construction of the Klang Valley Mass Rapid Transportation ("MRT") System will be among the key factors that are expected to lead to a reduction in the share of office space in major city centres as new townships and business centres emerge outside these areas. Commercial retail space, especially in lifestyle malls, is expected to witness growth in the next three (3) to five (5) years as several mixed development projects that are expected to come onstream by 2017 have incorporated retail centres as key components. Commercial retail property will also benefit greatly from the launch of the Visit Malaysia Year 2014 campaign.

In anticipation of the boost to the tourism industry following the launch of the Visit Malaysia Year 2014 campaign by the Government, the supply of hotel rooms witnessed greatest growth of 9.3% between 2012 and 2013. The construction of several new hotels are expected to be completed in 2014 and 2015, including Royal Bintang and St Giles in Penang, Doubletree by Hilton in Johor and Alila Bangsar @ The

Establishment in Kuala Lumpur. Malaysia targets to receive 28.8 million foreign tourists during the Visit Malaysia Year 2014 campaign. The Visit Malaysia Year 2014 campaign is aimed at ensuring Malaysia meets its longer term target of attracting 36.0 million tourists and RM168.0 billion in tourist receipts by 2020.

### **Supply by Region**

From a geographical perspective, the property market in the Central region, and specifically Kuala Lumpur, is expected to be rejuvenated following the Government's move to construct the Klang Valley MRT System which will have structural impact on Kuala Lumpur's property market. In addition, the high multiplier impact from the RM43.0 billion investment to improve city rail network for better connectivity and integration as well as emerging demand lending to opportunities for high density mixed developments and new suburban townships will also rejuvenate the property market in the Central region.

### **Property market in Malaysia – selected upcoming major property developments in the Central region**

<b>Project</b>	<b>Type of development</b>	<b>Estimated land area (acres)</b>	<b>Estimated gross development value (RM billion)</b>	<b>Expected completion date</b>
Tun Razak Exchange	Commercial	80.0	26.0	2028 (Phase 1 by 2017)
KLCC lot 167/176/185	Mixed development (including a 64-storey office tower)	4.0	5.0	2017
MATRADE, Hartamas	Mixed development surrounding a convention centre	62.0	15.0	2020
Cochrane	Mixed development (mainly residential and retail)	50.0	10.0	Not available
Warisan Merdeka	Commercial (100-storey office tower)	19.0	5.0	2020
Bukit Bintang Commercial Centre	Mixed development	22.0	5.0	2020
Redevelopment of Rubber Research Institute Malaysia ("RRIM") Sungai Buloh	Mixed development (mainly residential)	2,330.0	10.0	2025
Bandar Malaysia Sungai Besi	Mixed development (mainly residential)	460.0	15.0	Not available
Kampung Baru	Mixed development (Malay reserve land)	375.0	20.0	Not available

*Source: Extracted from the independent market research report prepared by Raine & Horne and SMITH ZANDER*

**Property market in Malaysia – selected upcoming major residential and commercial property developments**

Location	Project	Type of development	Expected completion date
Kuala Lumpur	St Regis Hotel	Commercial	2015
	Iliham Baru Tower	Commercial	2015
	Menara Bangkok Bank at Berjaya Central Park	Commercial	2015
	Naza Tower at Platinum Park	Commercial	2015
	Menara TH at Platinum Park	Commercial	2015
	KL Trillion	Commercial	2015
	Q Sentral	Commercial	2015
	The Ascent at Paradigm Mall	Commercial	2015
	MKN Embassy Techzone (Block G & H)	Commercial	2015
	Sunway Putra Mall	Commercial	2015
	The Atria Shopping Mall	Commercial	2015
	Sunway Velocity Lifestyle Mall	Commercial	2015
	Sunway Pyramid Phase 3	Commercial	2015
	Banyan Tree Signatures Pavilion Kuala Lumpur	Mixed development	2016
	Four Seasons Place Kuala Lumpur	Mixed development	2017
	Harrods Hotel & Residences	Mixed development	2018
	Redevelopment of Angkasapuri Complex to Media City	Commercial	2020
	Warisan Merdeka	Commercial	2020
	Tun Razak Exchange	Commercial	2028
Penang	Quayside Resort Condominium Development	Mixed development	2017
	The Light Water Front Project	Mixed development	2017
	Angsana Teluk Bahang	Mixed development	2017
Negeri Sembilan	Port Dickson Waterfront Development	Commercial	2019
Johor	Afiniti Medini	Mixed development	2016
	Estuari Gardens Phase 1	Residential	2017
	Residential North Project	Mixed development	2018

Location	Hotel	Star rating	Number of rooms	Expected completion date
Penang	Mansion One	3	110	2015
	Rice Miller Hotel	5	50	2015
	Jazz Hotel	5	226	2015
	DoubleTree Resort by Hilton Penang	Not available	318	2016
	Courtyard by Marriot, Penang	4	199	2018
Johor	Holiday Villa Johor Baru City Centre	4	345	2016
	Amari Hotel	Not available	242	2016
	Capri by Fraser Hotel	Not available	360	2017
	Sheraton Nusajaya Medini	Not available	250	2019
Kuala Lumpur	One @ Bukit Ceylon Hotel Suites	Not available	354	2015
	Alila Bangsar @ The Establishment	Not available	124	2016
	RuMa Hotel and Residences	Not available	253	2016
	W Hotel	Not available	150	2016
	Autograph Collection at Empire City	5	280	2016
	Marriott Hotel at Empire City	5	286	2016

Location	Hotel	Star rating	Number of rooms	Expected completion date
	Clermont Hotel at Damansara City	5	313	2016
	Sheraton Petaling Jaya	Not available	250	2017
	Fairmont Hotel	5	750	2017
Sabah	JW Marriott	5	365	2015
	Hilton Kota Kinabalu (Asia City)	5	313	2015
	Mercure Kota Kinabalu City	4	315	2016
	New World Kota Kinabalu Hotel	5	400	2018
Sarawak	The Majestic Tower Hotel	Not available	263	2015
	The Waterfront Hotel	Not available	290	2015
	Tabung Haji Hotel	Not available	182	2016

*Source: Extracted from the independent market research report prepared by Raine & Horne and SMITH ZANDER*

Property development in the South region will also be robust upon the implementation of the second (2<sup>nd</sup>) phase of the Iskandar Malaysia masterplan. Development activities in Iskandar Malaysia will continue to be focused within the city centre, Danga Bay and the Nusajaya locality within Flagship A and Flagship B development zones.

The property market is the foundation for development of the construction industry. One (1) common measure of supply in the property market is construction activity, based on total project value of construction projects carried out. Between 2006 to 2013, the construction industry in Malaysia, as measured by total project value, grew from RM60.9 billion to RM130.7 billion and recorded a CAGR of 11.5%. During this period, residential construction projects increased from RM16.6 billion to RM37.9 billion at a CAGR of 12.6%, while commercial and industrial construction, termed non-residential construction, increased from RM18.2 billion to RM61.5 billion at a CAGR of 19.0%. Construction of residential properties formed approximately 38.1% of total building construction value in 2013 while non-residential properties comprised the remaining 61.9%.

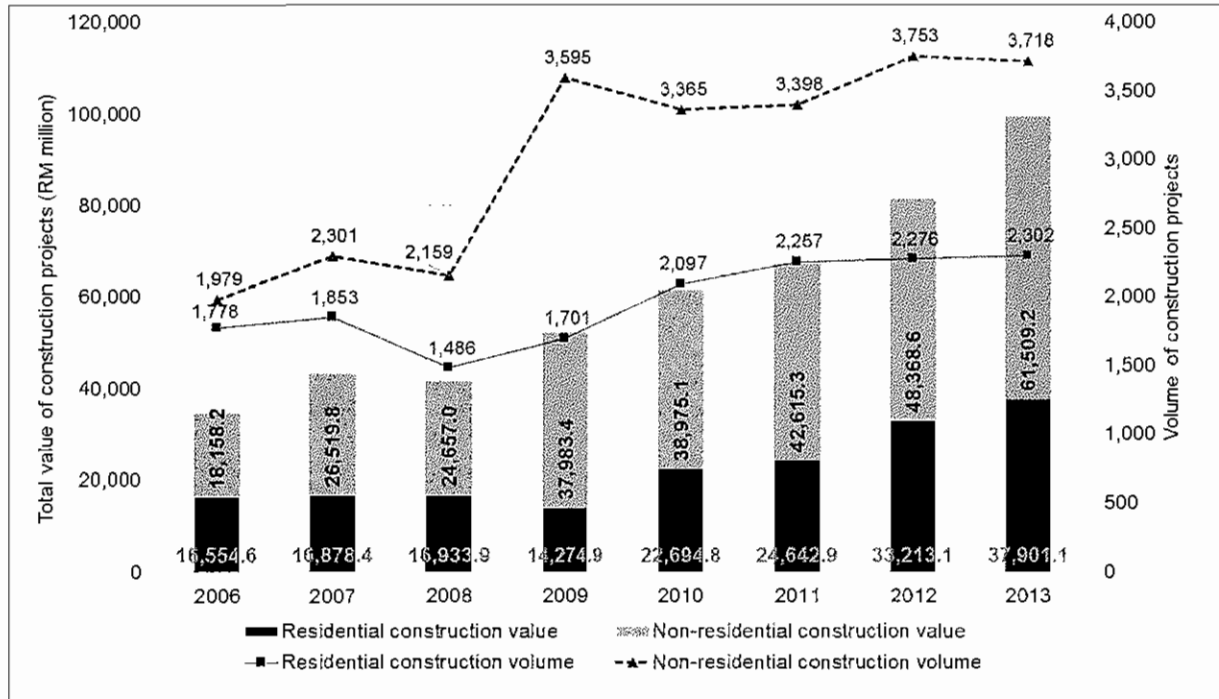
Growth of residential and non-residential properties has been strongest in the Central region, comprising the states of Selangor and Negeri Sembilan as well as the Federal Territory of Kuala Lumpur ("Kuala Lumpur") and Federal Territory of Putrajaya ("Putrajaya"). Approximately 49.5% of total value of residential construction in 2013 was incurred in the Central region while an additional 23.0% was incurred in the South region, comprising the states of Malacca and Johor. Non-residential construction activities were strongest in the Central region (42.1% of total value of non-residential construction), followed by East Malaysia comprising Sabah and Sarawak (22.6% of total value of non-residential construction) and South region (16.9% of total value of non-residential construction) during the same year.

Construction activities for residential, commercial and industrial properties experienced a slowdown between 2008 and 2009 as public and private expenditure on construction activities were tightened due to the global financial crisis. However, the industry began rebounding in 2010 in a show of resilience as the Government of Malaysia and the private sector resumed spending on construction activities.

Non-residential construction witnessed an impressive growth rate of 46.2% between 2006 and 2007 on the back of an increase in the supply of commercial office space, including office towers such as Glomac Tower, United Overseas Australian ("UOA") Damansara and UOA Bangsar South and Sunway Tower 2 (formerly known as Wisma Denmark). Several retail centres were also completed in 2007, including Pavilion Mall, The Gardens Mid Valley and Bangsar Village 2. Residential property construction experienced a huge spurt of growth to the tune of 589.0% between 2009 and 2010 as several large residential projects were awarded that year and previously postponed residential construction activities were revived.

Construction activities in the residential and non-residential property segments have been increasing steadily over the period of 2006 to 2013, and both sectors are expected to continue to emit strong growth rates, as witnessed from the new and upcoming projects launched such as the Light Waterfront Project, the redevelopment of Angkasapuri Complex and the 1Medini Project.

**Property market in Malaysia – total residential and non-residential construction activities**

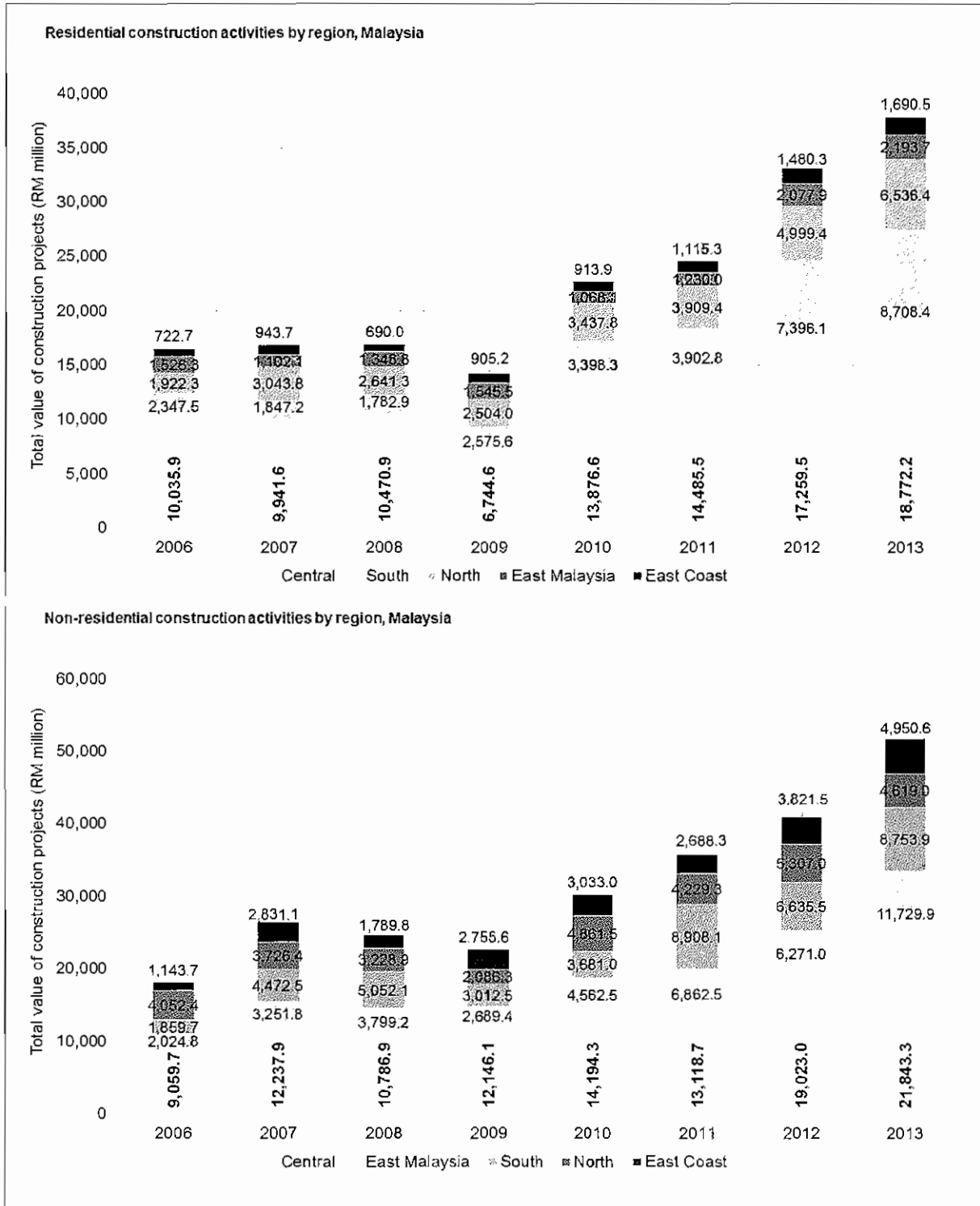


a) Non-residential refers to commercial and industrial

b) Data prior to 2006 is not publicly available

Source: Extracted from the independent market research report prepared by Raine & Horne and SMITH ZANDER

Property market in Malaysia – residential and non-residential construction activities by region <sup>a</sup>



<sup>a</sup> Does not include development of social amenities

a) Non-residential refers to commercial and industrial

b) Data prior to 2006 is not publicly available

Source: Extracted from the independent market research report prepared by Raine & Horne and SMITH ZANDER

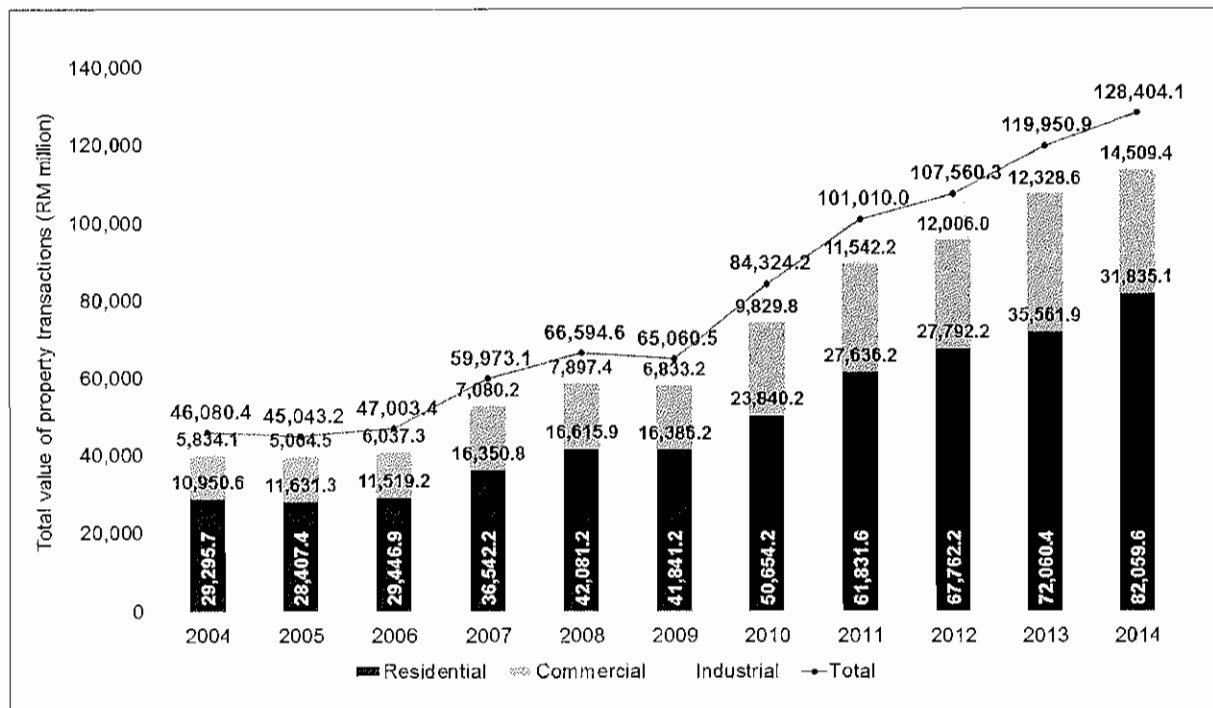
## Demand Analysis

### Overview

Demand for property in Malaysia, measured by value of property transactions, has witnessed an increase from RM46.1 billion in 2004 to RM128.4 billion in 2014 at a CAGR of 10.8%. A significant 63.9% of total property transactions in 2014 was incurred for residential properties, while the remaining 24.8% and 11.3% were incurred for commercial and industrial properties respectively. Commercial property witnessed the highest growth rate of 11.3% between 2004 and 2014, recording a rise from RM11.0 billion to RM31.8 billion. Over the period of 2004 and 2014, total volume of transacted properties increased from 227,273 units to 290,879 units at a CAGR of 2.5%. The highest growth rate in terms of volume of transacted properties was witnessed in the commercial property segment which increased from 24,212 units to 35,528 units at a CAGR of 3.9% over the same period.

The greatest volume of property transactions in 2014 were recorded in the residential segment where 247,251 transactions took place, followed by the commercial (35,528 transactions) and industrial segments (8,100 transactions). While the highest volume of transactions of 38,587 transactions in 2014 took place for properties between the price range of between RM500,001 and RM1.0 million, the highest property transaction value of RM55.6 billion was recorded for properties in the price range of RM1.0 million and above. Within the residential property segment, the highest property transaction of RM23.0 billion took place in the RM1.0 million and above price range. The commercial and industrial property segments also recorded the highest transactions values for properties in the RM1.0 million and above price range, at RM20.0 billion and RM12.5 billion respectively.

### Property market in Malaysia – demand for residential, commercial and industrial properties



Source: Extracted from the independent market research report prepared by Raine & Horne and SMITH ZANDER

### ***Demand by Region***

The Central region was the most significant regional property market in Malaysia in 2014 where RM68.4 billion worth of property transactions mainly for residential properties took place during that year. Property transactions in the South and North regions of Malaysia were registered at RM27.0 billion and RM20.6 billion respectively while the smaller property sub-markets of East Malaysia and East Coast registered transactions values of RM6.4 billion and RM6.0 billion respectively for the same period. Nevertheless, the most significant growth in property transaction value over the period of 2004 and 2014 was witnessed in East Malaysia that recorded at growth rate of 16.6% compared to the national growth rate of 10.8%. The South, East Coast and Central regions also witnessed strong growth rates of 12.5%, 10.8% and 10.3% respectively, while the North region witnessed a slightly lower, but nevertheless still robust, growth rate of 9.1% over the period of 2004 and 2014. Regional growth is strongly driven by growth of property demand in key sub-markets, with Selangor and Kuala Lumpur strongly driving growth in the Central region, Johor driving growth in the South region and Penang and Perak driving growth in the North region.

The South region, comprising the states of Johor and Malacca, witnessed an impressive growth rate of 12.5% between 2004 and 2014, where total property transactions increased from RM8.3 billion to RM27.0 billion. Strong property demand in the South region was especially witnessed in the commercial property segment, where property transaction values increased from RM1.9 billion in 2004 to RM7.8 billion in 2014 at a high CAGR of 15.0%. The state of Johor is a key driver for the high commercial property transactions in the South region as the launch of the Iskandar Malaysia masterplan in 2006 has resulted in intensified business activities in the state, thus creating strong demand for commercial properties.

### ***Demand by Sub-markets***

The Klang Valley area (comprising Selangor and Kuala Lumpur), Johor, Penang and Perak are key property sub-markets in Malaysia and collectively registered RM102.1 billion worth of property transactions in 2014 or 79.5% of Malaysia's total property transaction value in the said year. Total property demand in Klang Valley in 2014 totaled RM62.2 billion compared to Johor's and Penang's RM23.0 billion and RM10.0 billion respectively. Property transaction in Perak for the period of 2014 was recorded at RM6.9 billion, placing the state well below the larger property markets of Klang Valley and Johor. Demand for property in these key sub-markets are anchored on the socio-economic development of these areas. Demand for residential property in the Klang Valley is primarily driven by commercial development in the area that has provided ample employment opportunities for the current workforce and new entrants to the workforce.

### **Property market in Malaysia – key property sub-markets based on demand for residential, commercial and industrial properties**

	Value of property transactions (RM million)						
	Selangor	Johor	Kuala Lumpur	Penang	Perak	Other states	Malaysia
<b>Residential</b>							
2004	8,993.9	4,475.6	4,196.4	3,237.6	1,640.1	6,752.2	29,295.7
2005	9,486.9	3,418.8	4,682.4	3,102.0	1,307.7	6,409.6	28,407.4
2006	10,998.2	2,704.1	4,925.4	2,740.2	1,912.7	6,166.2	29,446.9
2007	15,020.9	3,288.2	6,177.9	3,105.5	2,069.5	6,880.2	36,542.2
2008	15,980.7	3,208.9	8,215.9	3,718.3	2,317.5	8,640.0	42,081.2
2009	16,834.9	3,837.2	7,883.9	3,719.5	1,827.1	7,738.6	41,841.2



	Value of property transactions (RM million)						
	Selangor	Johor	Kuala Lumpur	Penang	Perak	Other states	Malaysia
2010	20,185.3	4,480.7	10,387.3	4,834.0	2,239.7	8,527.2	50,654.2
2011	23,110.7	5,083.7	11,122.7	7,722.6	4,055.9	10,736.0	61,831.6
2012	25,373.9	5,687.5	11,742.1	7,092.8	3,877.6	13,988.3	67,762.2
2013	26,086.5	9,282.8	10,604.3	7,093.1	4,309.4	14,684.4	72,060.4
2014	26,954.2	13,737.8	11,677.0	7,579.9	4,689.7	17,421.0	82,059.6
<b>CAGR 2004 – 2013</b>	<b>12.6%</b>	<b>8.4%</b>	<b>10.8%</b>	<b>9.1%</b>	<b>11.3%</b>	<b>9.0%</b>	<b>10.5%</b>
<b>CAGR 2004 – 2014</b>	<b>11.6%</b>	<b>11.9%</b>	<b>10.8%</b>	<b>8.9%</b>	<b>11.1%</b>	<b>9.9%</b>	<b>10.8%</b>
<b>Commercial</b>							
2004	2,671.7	1,463.0	3,017.9	695.3	442.0	2,660.7	10,950.6
2005	3,287.4	1,590.1	3,049.8	782.2	409.7	2,512.2	11,631.3
2006	3,130.5	1,400.6	2,860.7	796.0	863.2	2,468.2	11,519.2
2007	3,830.2	1,947.7	5,111.9	1,270.9	876.7	3,313.5	16,350.8
2008	4,983.4	1,506.5	4,547.8	1,041.3	1,031.8	3,505.1	16,615.9
2009	5,077.0	1,672.9	4,025.0	950.9	1,062.1	3,598.4	16,386.2
2010	7,510.5	2,230.7	6,434.8	1,463.4	1,286.3	4,914.5	23,840.2
2011	7,490.3	2,841.6	7,718.8	1,617.3	1,583.1	6,385.3	27,636.2
2012	8,709.7	2,988.9	6,613.7	1,829.1	1,457.3	6,193.5	27,792.2
2013	8,125.5	11,234.3	6,533.4	1,802.9	1,690.1	6,175.8	35,561.9
2014	8,041.4	6,424.2	7,466.7	1,739.0	1,778.9	6,384.9	31,835.1
<b>CAGR 2004 – 2013</b>	<b>13.2%</b>	<b>25.4%</b>	<b>9.0%</b>	<b>11.2%</b>	<b>16.1%</b>	<b>9.8%</b>	<b>14.0%</b>
<b>CAGR 2004 – 2014</b>	<b>11.6%</b>	<b>15.9%</b>	<b>9.5%</b>	<b>9.6%</b>	<b>14.9%</b>	<b>9.1%</b>	<b>11.3%</b>
<b>Industrial</b>							
2004	3,027.2	890.1	294.0	454.4	199.4	968.9	5,834.1
2005	2,533.2	768.0	323.6	388.3	149.6	841.9	5,004.5
2006	3,305.5	737.8	227.2	432.9	239.6	1,094.2	6,037.3
2007	3,757.6	941.5	354.2	537.1	269.9	1,220.0	7,080.2
2008	4,103.2	849.1	484.0	673.2	512.6	1,275.4	7,897.4
2009	3,486.9	939.3	166.1	478.6	409.0	1,353.2	6,833.2
2010	5,054.8	1,669.9	232.1	656.6	425.4	1,791.1	9,829.8
2011	6,161.6	1,463.5	451.5	973.7	476.6	2,015.3	11,542.2
2012	5,842.2	2,198.8	315.8	831.8	566.9	2,250.4	12,006.0
2013	5,951.3	2,249.9	350.6	804.1	721.0	2,251.7	12,328.6
2014	7,637.9	2,847.5	410.9	699.7	437.7	2,475.7	14,509.4
<b>CAGR 2004 – 2013</b>	<b>7.8%</b>	<b>10.9%</b>	<b>2.0%</b>	<b>6.5%</b>	<b>15.4%</b>	<b>9.8%</b>	<b>8.7%</b>
<b>CAGR 2004 – 2014</b>	<b>9.7%</b>	<b>12.3%</b>	<b>3.4%</b>	<b>4.4%</b>	<b>8.2%</b>	<b>9.8%</b>	<b>9.5%</b>

Source: Extracted from the independent market research report prepared by Raine & Horne and SMITH ZANDER

Between the period of 2005 and 2012, Selangor's GDP increased by an impressive 55.7% (from RM113.2 billion to RM176.2 billion) and the state's manufacturing GDP increased by 33.1% (from RM41.6 billion to RM55.5 billion) resulting in an increase of 38.1% in the labour workforce (from 2.0 million persons to 2.8 million persons). Likewise, Kuala Lumpur's GDP, albeit smaller, witnessed a greater growth of 70.3% (from RM67.0 billion to RM114.1 billion) between 2005 and 2012, while its manufacturing GDP increased by 17.3% (from RM3.9 billion to RM4.6 billion), resulting in a 22.4% (from 691,400 persons to 846,500 persons)

increase in the labour workforce. Over the period of 2004 and 2014, property transactions in the Klang Valley increased from RM22.2 billion to RM62.2 billion at a CAGR of 10.9%.

Johor's GDP increased by 37.4% between 2005 and 2012 (from RM50.1 billion to RM68.8 billion), where its manufacturing GDP increased by 20.8% (from RM19.3 billion to RM23.3 billion). This economic development led to an increase in the demand for labour to satisfy the demand from local businesses, and thus Johor's labour workforce increased by 19.1% (from 1.3 million persons to 1.5 million persons) over the same period. Property transactions in Johor increased from RM6.8 billion in 2004 to RM23.0 billion in 2014 at a CAGR of 13.0%. Over the same period, transactions in commercial properties in Johor increased from RM1.5 billion to RM6.4 billion at a CAGR of 15.9%, which was the highest growth rate among all the states in Malaysia and across all property sectors.

#### ***Commercial Property Demand by Type of Property and Region (Including Purpose-built Office)***

The commercial property segment is the second (2<sup>nd</sup>) largest property segment in Malaysia that witnessed a growth in terms of transaction values from RM11.0 billion in 2004 to RM31.8 billion in 2014 at a CAGR of 11.3%. Klang Valley and Johor are key commercial property sub-markets in Malaysia where property transactions worth RM15.5 billion and RM6.4 billion respectively took place in 2014.

In the Klang Valley, the greatest volume of commercial property transactions of RM1.0 billion took place in the Petaling district over the period of October to December 2014. The urban centres of Petaling encompass the cities of Petaling Jaya, Shah Alam and Subang Jaya, where it includes the thriving townships of Damansara, Subang and Petaling. Other townships under the district of Petaling also include Kapar, Kelana Jaya, Kota Raja Puchong and Serdang. Urbanisation in the Klang Valley been rapid, with Selangor's urbanisation rate increasing from 87.6% in 2000 to 91.4% in 2010 owing to economic progress and modernisation of infrastructure. Kuala Lumpur, as Malaysia's capital, has received much attention from the Government in terms of socio-economic development, and thus had achieved the status of fully urbanised city prior to the year 2000. Economic development has been key in driving demand for commercial property, and over the period of 2005 and 2012, Selangor's GDP increased by an impressive 55.7% (from RM113.2 billion to RM176.2 billion) while Kuala Lumpur's GDP witnessed a greater growth of 70.3% (from RM67.0 billion to RM114.1 billion).

The landed commercial shop properties (comprising pre-war shop, 1-1.5 storey shop, 2-2.5 storey shop, 3-3.5 storey shop, 4-4.5 storey shop, 5-5.5 storey shop and 6-6.5 storey shop) have traditionally witnessed high volumes of transactions. Between October and December 2014, commercial shop properties in Kuala Lumpur and Selangor collectively registered transactions worth RM1.4 billion (Kuala Lumpur: RM388.5 million, Selangor: RM976.4 million), topping all other commercial property categories. These properties are largely employed for the purposes of retail, food service, storage and as offices. Rental rates for commercial shop properties can range from as low as RM0.57 per square foot in the suburban secondary areas to as high as RM46.45 per square foot in the central town prime areas.

The office lot property category in Klang Valley has also witnessed activity as it recorded property transactions worth RM433.0 million over the period of October to December 2014. During the same period between October and December 2014, purpose-built offices registered transactions worth RM106.6 million.

The total available space for purpose-built offices in Malaysia has increased from 14.2 million square meters in 2004 to 19.6 million square metres in 2014 at a CAGR of 3.2%. During this same period, the occupied space for purpose-built offices has increased from 11.6 million square metres to 16.6 million square metres at a slightly higher CAGR of 3.7%. The occupancy rate for this category of property has hovered between 80.0% and 86.0% over these years, with the highest occupancy rate recorded at 85.2% in 2008, before dipping as a result of the global financial crisis.

Property market in Malaysia – total and occupied space in Malaysia for Government and private purpose-built office buildings

Year	Total space (square metres)	Occupied space (square metres)	Occupancy rate (%)
2004	14,221,165	11,551,388	81.2
2005	14,863,253	12,362,795	83.2
2006	15,099,984	12,595,417	83.4
2007	14,975,062	12,739,489	85.1
2008	15,528,217	13,223,780	85.2
2009	16,102,929	13,670,347	84.9
2010	16,783,367	14,148,844	84.3
2011	17,381,570	14,405,636	82.9
2012	18,153,192	14,934,390	82.3
2013	18,988,130	15,710,570	82.7
2014	19,552,831	16,594,699	84.9
<b>CAGR 2004 – 2013</b>	<b>3.3%</b>	<b>3.5%</b>	
<b>CAGR 2004 – 2014</b>	<b>3.2%</b>	<b>3.7%</b>	

Source: Extracted from the independent market research report prepared by Raine & Horne and SMITH ZANDER

In the Klang Valley, occupancy rates for privately-owned purpose-built office buildings between October and December 2014 have been notably high in Kuala Lumpur's central business district and Selangor's Gombak, Bandar Utama, Sunway City and Shah Alam. The scarcity of land and high land as well as building costs in Kuala Lumpur has led to the broadening of commercial activities to areas such as Gombak, Bandar Utama and Sunway City that were once considered the fringes of the capital city. Nevertheless, demand for reasonably priced properties as well as good supporting infrastructure and public transportation access have contributed to the development of these areas into developed townships and commercial centres that are capable of housing multinational and local companies. The Government further announced plans to develop the greater Kuala Lumpur/Klang Valley as a focus under its Economic Transformation Plan ("ETP") (2011-2020) to act as a driver of growth and further propel Malaysia's economy, thus indicating the underlying commercial potential of the areas surrounding Kuala Lumpur.

Under the Greater Kuala Lumpur/Klang Valley module of the ETP, the Government intends to increase the annual per capita gross national income ("GNI") of the area from RM40,000 to RM70,000; grow the population from six (6) million to ten (10) million, with a focus on increasing the foreign talent base and especially the high-value talent base from 9.0% to 20.0% of the population; and create 553,000 jobs over and above the employment that will be supported by other modules under the ETP. Among the projects that have been mooted to achieve these targets include attracting 100 of the world's most dynamic firms within priority sectors; attracting the right mix of internal and external talent; connecting to Singapore via a high speed rail system; building an integrated urban mass rapid transit system; and revitalising the Klang River into a heritage and commercial centre for the Greater Kuala Lumpur/Klang Valley and creating iconic places and attractions. All these efforts will have a positive impact on increasing business activities and consequently the demand for commercial space in Klang Valley.

In Johor, commercial property transactions increased from RM1.5 billion in 2004 to RM6.4 billion in 2014 at an impressive CAGR of 15.9%. Over the period of October to December 2014 alone, Johor recorded commercial property transactions worth RM1.2 billion. In Johor, the greatest volume of property transactions took place in its capital city of Johor Bahru which is experiencing a revitalisation under the Iskandar Malaysia masterplan that positions this city as a prime commercial centre at Peninsular Malaysia's

southern tip. Demand for vacant land was strong between October and December 2014 as property developers sought to make these investments before the goods and service tax ("GST") came into effect. During this period, approximately RM406.6 million was recorded in transactions for vacant land assets.

Demand for landed commercial shop properties (comprising pre-war shop, 1-1.5 storey shop, 2-2.5 storey shop, 3-3.5 storey shop, 4-4.5 storey shop, 5-5.5 storey shop and 6-6.5 storey shop) was also robust as these properties recorded transaction values of RM705.9 million for the period of October to December 2014. These properties are largely employed for the purposes of retail, food service, storage and as offices. Rental rates for commercial shop properties can range from as low as RM0.62 per square foot in the suburban secondary areas to as high as RM7.49 per square foot in the central town prime area.

The office lot property category in Johor registered property transactions of RM5.5 million over the period of October to December 2014. During the same period between October and December 2014, purpose-built offices did not register any property transactions. Despite this, occupancy rates for purpose-built office buildings in Johor for the period of October to December 2014 were high at 72.6%. The districts of Kota Tinggi, Kulajaya and Mersing witnessed full occupancy rates of 100.0% while Kluang witnessed an occupancy rate of 97.1% due to the limited supply of purpose-built office buildings in these areas. The other areas, namely Muar and Johor Bahru, recorded occupancy rates of 73.1% and 72.7% respectively. The occupancy rates in these areas are expected to rise owing to the various development plans that aim to revitalise socio-economic development in the state of Johor.

Specific to the state of Johor, the Comprehensive Development Plan ("CDP") (2006 – 2025) was launched for Iskandar Malaysia, encompassing the districts of Johor Bahru, Kulajaya, Pontian and Kota Tinggi. Over the period of 2011 and 2015, Iskandar Malaysia intends to achieve the creation of 55,730 employment opportunities. This target is in line with the commencement of several jet catalyst projects under various flagship development zones. Nine (9) major economic clusters have been identified to spearhead the growth of Iskandar Malaysia and these clusters are electrical and electronics, petrochemicals and oleochemicals, food and agro-processing, logistics and related services, tourism, health services, educational services, financial services and creative industries. The implementation of these economic plans and targeted strategies under the respective plans, including infrastructure and transportation improvement, have great impact on socio-economic developments in Johor, and the anticipated business opportunities arising from these economic plans will have positive impact on commercial property supply and demand in Johor.

#### ***Commercial Property Demand by Type of Property: Commercial Shopping Complex***

Commercial shopping complex occupancy rates in Malaysia for 2014 were recorded at 80.9% from a total space of 13.0 million square metres. In Malaysia, the sub-markets of Selangor, Kuala Lumpur, Penang and Johor had the greatest constructed shopping complex spaces of approximately 3.0 million square metres, 2.6 million square metres and 1.7 million square metres (Penang and Johor) respectively. In 2014, Selangor, Kuala Lumpur, Penang and Johor witnessed occupancy rates of 84.7%, 87.7%, 66.1% and 74.1% respectively. The state of Perlis witnessed the highest occupancy rate for shopping complexes at 100.0%, followed by Perak (92.3%), Labuan (92.0%), Sabah (90.9%) and Kelantan (89.5%). These sub-markets witnessed higher occupancy rates compared to the major commercial centres of Selangor, Kuala Lumpur, Penang and Johor due to lower supply, and thus lower available space of commercial shopping complexes.

The retail market in Malaysia, measured by the value of retail sales, grew from RM108.0 billion in 2004 to RM175.3 billion in 2014 at a CAGR of 5.0%. The retail industry in Malaysia is traditionally fragmented, with retail sales in rural areas largely taking place in traditional retail channels such as independent grocery

outlets while modern retail channels such as hypermarkets and supermarkets are more dominant in urban areas. However, this is gradually changing as a result of urbanisation, with retailers opening larger format outlets on the fringes of city centres in a bid to widen reach and respond to the increased demand for convenience by consumers.

Several prime shopping complexes are undergoing asset enhancements in order to remain competitive and to brace for the anticipated high impending supply of retail expected in 2014 and beyond. The demand for commercial shopping complex space will be strongly driven by retail sales, and supported by the tourism industry's initiatives including the Visit Malaysia 2014 campaign and Malaysia Year-end Sale that coincide with the school holidays and festive seasons. Tourism growth in Malaysia is attributed to various Government efforts to boost the tourism industry and increase flight connectivity.

**Property market in Malaysia – existing space and occupancy rate in Malaysia for commercial shopping complex for 2014<sup>p</sup>**

	<b>Total existing space (square metres)</b>	<b>Occupancy rate (%)</b>
Kuala Lumpur	2,564,160	87.7
Putrajaya	69,700	82.3
Labuan	26,060	92.0
Selangor	2,969,650	84.7
Johor	1,665,020	74.1
Penang	1,678,830	66.1
Perak	809,170	92.3
Negeri Sembilan	441,130	75.9
Malacca	399,850	83.3
Kedah	464,180	82.5
Pahang	271,550	77.6
Terengganu	106,980	76.0
Kelantan	222,850	89.5
Perlis	47,500	100.0
Sabah	580,200	90.9
Sarawak	680,490	75.1
<b>Malaysia</b>	<b>12,997,330</b>	<b>80.9</b>

<sup>p</sup> Preliminary

Source: Extracted from the independent market research report prepared by Raine & Horne and SMITH ZANDER

**Key Demand Drivers**

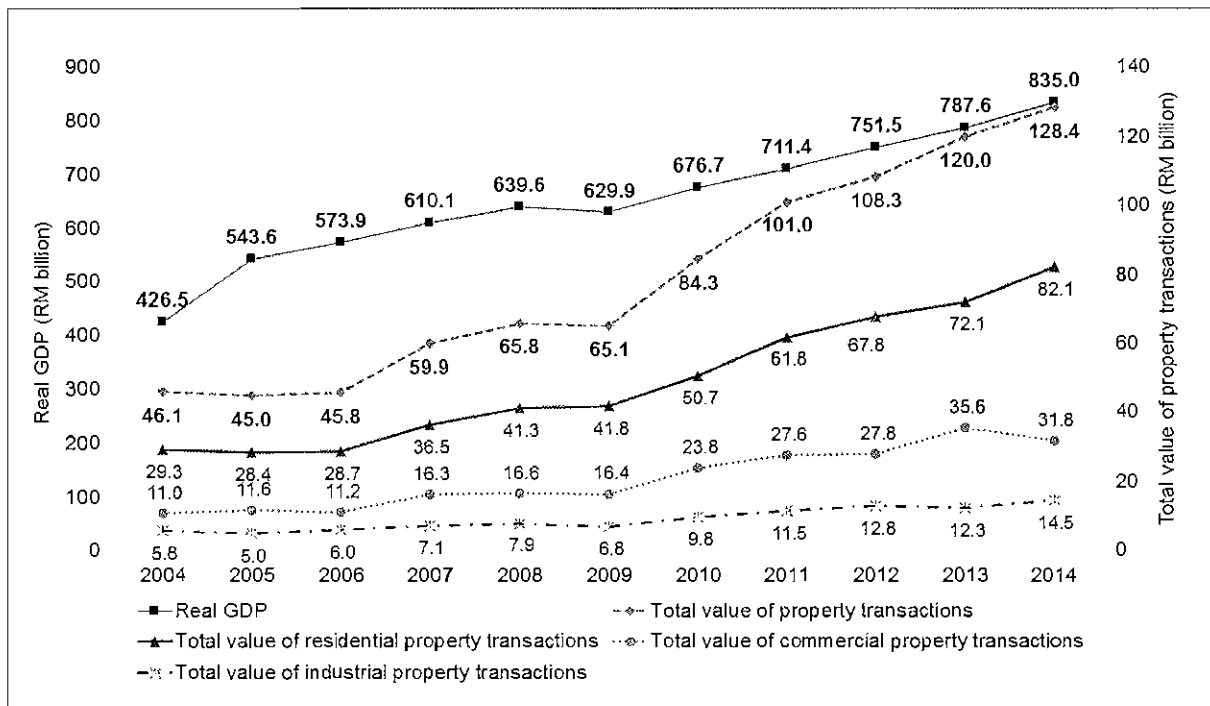
**Demand Drivers**

**Greater demand for residential, commercial and industrial properties as a result of economic wealth**

The key indicator that influences the property market is the stability of the nation's economy. A robust economy has a positive impact on the property market while a sluggish economy will likewise have a sluggish impact on property demand. Economic growth has the potential to contribute to increased disposable incomes among the population arising from higher employment and increased earnings for businesses and companies due to greater operating scale and wider market reach, consequently leading to increased demand for residential, commercial and industrial properties.

Economic growth is a catalyst for development and growth in the property market. Between 2004 and 2014, Malaysia's wealth, as depicted by its real GDP, increased from RM426.5 billion to RM835.0 billion. Total property transaction value increased from RM46.1 billion to RM128.4 billion between 2004 and 2014, with the highest growth rate of 11.3% witnessed in the commercial property segment which expanded from RM11.0 billion to RM31.8 billion. The largest contributing property segment was the residential property segment that formed 63.9% of total property transaction value in 2014, followed by commercial property segment (24.8% of total property transaction value in 2014) and industrial property segment (11.3% of total property transaction value in 2014). Over the course of 2004 and 2014, the property market in Malaysia has moved in tandem with economic development. During the same period, employment in Malaysia increased from 10.9 million to 13.6 million persons.

**Property market in Malaysia – economic impact on property transactions**



Real GDP for 2004 is at constant 2000 prices while real GDP for 2005 to 2014 is at constant 2005 prices

Source: Extracted from the independent market research report prepared by Raine & Horne and SMITH ZANDER

**Growth prospects of end-user markets/industries drive demand for commercial and industrial properties**

Malaysia's economy registered a 6.0% growth in 2014 supported by resilient domestic demand and augmented by a recovery in exports. This positive performance was underpinned by strong macroeconomic fundamentals and a diversified economic structure as well as a sound financial system. Private sector expenditure expanded 7.1% and contributed 52.5% to the economy. Private investment, in particular, surged by 13.0% to RM78.7 billion during the first (1<sup>st</sup>) half of 2014 with its share of total investment increasing to 68.9%. In tandem with Government transformation initiatives, investment growth is expected to remain strong in 2015.

The services sector remains the driver of growth, contributing 55.3% to GDP in 2014. Given its importance, the Government has formulated the Services Sector Blueprint 2014 to further develop the sector and