



This overview section is qualified in its entirety by and should be read in conjunction with the full text of this Prospectus.



Creating The Places People Love To Shop



PROSPECTUS



Hektar Real Estate Investment Trust

(Established in Malaysia under the Deed dated 5 October, 2006 entered into between Hektar Asset Management Sdn Bhd and AmTrustee Berhad, companies incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING



Hektar Asset Management Sdn Bhd

(Formerly known as Impland Sdn Bhd)
(Company Number 732261-T)
(Incorporated in Malaysia under the Companies Act, 1965)

AS MANAGER OF HEKTAR REAL ESTATE INVESTMENT TRUST ("HEKTAR REIT") IS MAKING AN OFFERING OF 159,500,000 NEW UNITS IN HEKTAR REIT AS FOLLOWS:

- 10,000,000 UNITS AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM1.05 PER UNIT, PAYABLE IN FULL UPON APPLICATION
- 6,000,000 UNITS AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF HEKTAR GROUP AT THE RETAIL PRICE OF RM1.05 PER UNIT, PAYABLE IN FULL UPON APPLICATION; AND
- 143,500,000 UNITS AVAILABLE FOR APPLICATION BY INSTITUTIONAL AND SELECTED INVESTORS AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING, PAYABLE IN FULL UPON APPLICATION

IN CONJUNCTION WITH THE LISTING OF HEKTAR REIT ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD

THE FINAL RETAIL PRICE WILL EQUAL THE LOWER OF:

- THE RETAIL OFFER PRICE OF RM1.05 PER UNIT; OR
- 95% OF THE INSTITUTIONAL PRICE, SUBJECT TO ROUNDING ADJUSTMENTS

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE SEE "RISK FACTORS" IN SECTION 4 OF THIS PROSPECTUS

Lead Adviser,
Co-Financial Adviser,
Joint Bookrunner,
Lead Manager
and
Managing Underwriter

Aseambankers
Aseambankers Malaysia Berhad (19028-H)

Co-Financial Adviser,
Joint Bookrunner and
Underwriter

AmMerchant Bank Berhad
(Company No. 23742-V)
A member of the



Financial Adviser

KPMG
KPMG Corporate Advisory Sdn Bhd
(Company No. 567386-F)
Licensed Investment Adviser

Trustee

AmTrustee
AmTrustee Berhad
(Company No. 163032-V)

This Prospectus is dated 15 November 2006 and expires on 14 November 2007



www.hektargroup.com



Creating The Places People Love To Shop



Hektar Real Estate Investment Trust | PROSPECTUS

OVERVIEW OF HEKTAR REIT

Hektar Real Estate Investment Trust ("Hektar REIT") was formed to invest and manage retail properties in Malaysia.

The Manager aims to provide stable and sustainable distributions to Unitholders, while enhancing the long term value of the Trust.

PORTFOLIO HIGHLIGHTS

Total Net Lettable Area	944,126sq ft
Occupancy	96.7%
Annual Visitors	13.7 million (2005)
Appraised Value	RM523 million
Gross Revenues	RM74.6 million*

* Forecast 13-months financial period ending 2007

TENANCY RENEWAL RATES

FYE 31 December	Renewed Tenancies	Average Rental Increase
2004	66	17.1%
2005	49	21.4%

TENANCY EXPIRY PROFILE (as at September 30, 2006)



KEY INVESTMENT HIGHLIGHTS

Strategy for Growth

- Growth achieved through active leasing, asset enhancement and accretive-acquisition policy
- Acquisition potential for shopping centres throughout Malaysia, particularly outside of Kuala Lumpur
- Alignment with sponsor, Hektar Group, a retail specialist focused on shopping centres

'Pure-play' focus on retail properties

- Experienced management team with international exposure
- Business model based on international best practices and modern key performance indicators

Quality Portfolio

- Strategic locations in stable markets with large catchment and strong tenant demand
- Quality tenant base consisting of international and national retailers

Structured for Stability

- Stable, sustainable yield –based on high occupancy and diversified tenant mix
- Committed distribution policy of 90% payout of Distributable Income

PROJECTED DISTRIBUTION YIELD

Price	2007	2008	2009
RM1.05-Retail#	8.47%*	8.58%	8.84%
RM1.11-Institutional#	8.01%*	8.12%	8.37%

* Annualised
Indicative Price

IMPORTANT DATES

Offer Opens	November 15, 2006
Offer Closes	November 22, 2006
Units Commence Trading	December 4, 2006



SUBANG PARADE

It's Our Place!

SUBANG PARADE

5, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan

Three levels of retail space and one basement level carpark, strategically located in the affluent township of Subang Jaya in Selangor. Positioned as a one-stop shopping centre with its primary trade area focused on Subang Jaya and USJ.

MAHKOTA PARADE

It's Our Place!

MAHKOTA PARADE

1, Jalan Merdeka, 75000 Melaka.

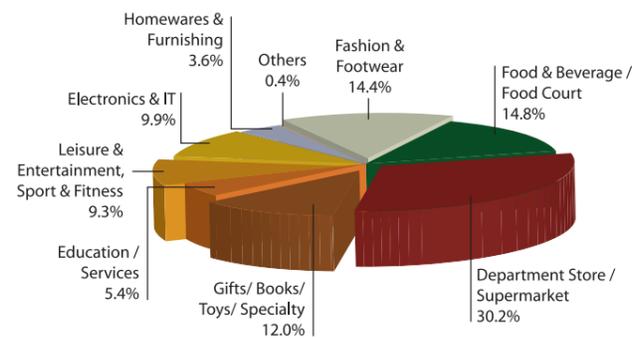
Three levels of retail space and one basement level carpark, strategically located near the historical district of Melaka. Positioned as the prime regional shopping centre in Melaka state.

PROPERTY INFORMATION

Net Lettable Area	472,709 sq ft
Car Park Lots	1,390
Title	Freehold
Occupancy	98.5%
Appraised Value	RM290 million
Annual Visitors	5.7 million (2005)

TENANT MIX

(By NLA, as at September 30, 2006)



KEY TENANTS

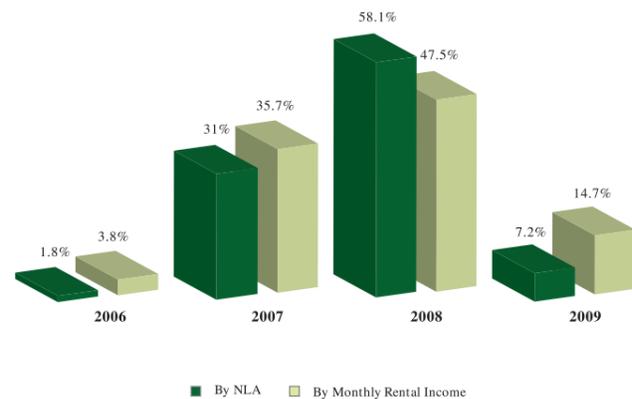
Parkson Grand, Bata, Toys 'R' Us, HSL Electrical & Electronics, The Reject Shop, TGI Fridays, Kenny Rogers Roasters, Voir

TENANCY RENEWAL RATES

FYE 31 December	Renewed Tenancies	Average Rental Increase
2004	40	13.8%
2005	27	16.8%

TENANCY EXPIRY PROFILE

(as at September 30, 2006)



TENANCY PROVISIONS

Provision	% of total Tenancies
Step-Up	47.1%
Turnover Rent	91.6%

PROPERTY INFORMATION

Net Lettable Area	471,417 sq ft
Car Park Lots	955
Title	Leasehold (2101)
Occupancy	94.9%
Appraised Value	RM233 million
Annual Visitors	8.0 million (2005)

KEY TENANTS

Parkson Grand, Bonia, Giant, The Reject Shop, McDonald's, Baleno, Ampang Superbowl, Golden Screen Cinemas, B.U.M. City

TENANCY RENEWAL RATES

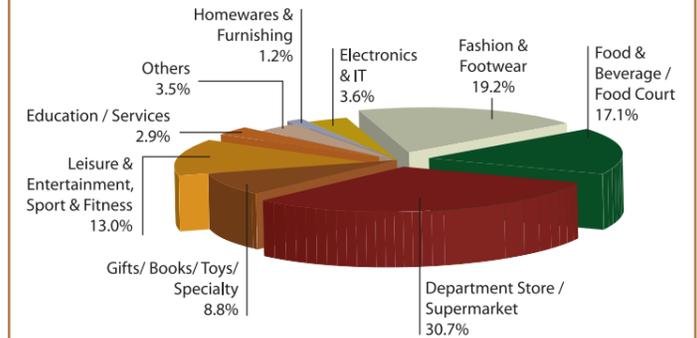
FYE 31 December	Renewed Tenancies	Average Rental Increase
2004	26	21.9%
2005	22	28.0%

TENANCY PROVISIONS

Provision	% of total Tenancies
Step-Up	70.6%
Turnover Rent	82.4%

TENANT MIX

(By NLA, as at September 30, 2006)

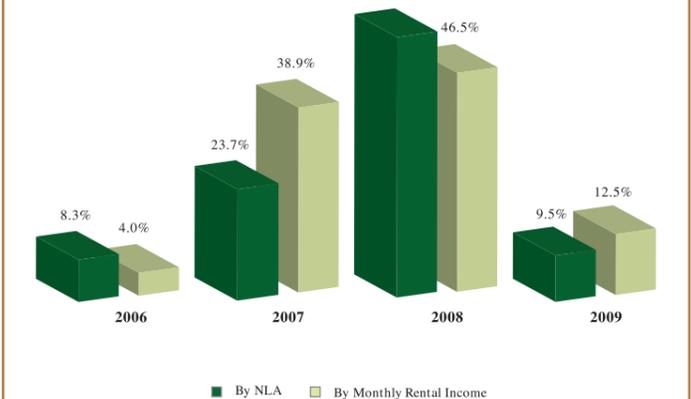


KEY TENANTS

Parkson Grand, Bonia, Giant, The Reject Shop, McDonald's, Baleno, Ampang Superbowl, Golden Screen Cinemas, B.U.M. City

TENANCY EXPIRY PROFILE

(as at September 30, 2006)



RESPONSIBILITY STATEMENTS:

OUR DIRECTORS HAVE SEEN AND APPROVED THIS PROSPECTUS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM THAT, HAVING MADE ALL ENQUIRIES WHICH ARE REASONABLE IN THE CIRCUMSTANCES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENTS HEREIN FALSE OR MISLEADING. OUR DIRECTORS HEREBY ACCEPT FULL RESPONSIBILITY FOR THE PROFIT FORECAST AND PROJECTIONS INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT FORECAST AND PROJECTIONS HAVE BEEN PREPARED BASED ON THE ASSUMPTIONS MADE.

ASEAMBANKERS MALAYSIA BERHAD, BEING THE LEAD ADVISER, CO-FINANCIAL ADVISER, JOINT BOOKRUNNER, LEAD MANAGER AND MANAGING UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING PUBLIC OFFERING AND IS SATISFIED THAT ANY PROFIT FORECAST AND PROJECTIONS (FOR WHICH OUR DIRECTORS ARE FULLY RESPONSIBLE), PREPARED FOR INCLUSION IN THIS PROSPECTUS HAVE BEEN STATED BY OUR DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

STATEMENTS OF DISCLAIMER:

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC OFFERING AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC OFFERING.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN HEKTAR REIT (AS DEFINED HEREIN). IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

THE VALUATION OF THE SUBJECT PROPERTIES (AS DEFINED HEREIN) APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE PROPOSAL IN RELATION TO INITIAL LISTING OF HEKTAR REIT (AS DEFINED HEREIN) SUBMITTED TO AND APPROVED BY THE SC AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT PROPERTIES (AS DEFINED HEREIN) FOR ANY OTHER PURPOSES.

BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF HEKTAR REIT ("AS DEFINED HEREIN") AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, HEKTAR REIT OR ITS UNITS.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED AND LODGED WITH THE SC.

NO UNITS WILL BE ISSUED OR SOLD ON THE BASIS OF THIS PROSPECTUS LATER THAN ONE YEAR AFTER THE DATE OF THIS PROSPECTUS.

YOU SHOULD NOT TAKE THE AGREEMENT BY THE UNDERWRITERS NAMED IN THIS PROSPECTUS TO UNDERWRITE THIS PUBLIC OFFERING AS AN INDICATION OF THE MERITS OF THE PUBLIC OFFERING UNITS.

ADDITIONAL STATEMENTS:

AN APPLICATION HAS BEEN MADE TO BURSA SECURITIES FOR PERMISSION TO DEAL IN AND FOR THE LISTING OF AND QUOTATION FOR ALL THE UNITS OF HEKTAR REIT ALREADY ISSUED AS WELL AS THE OFFER UNITS (AS DEFINED HEREIN) WHICH ARE THE SUBJECT OF THIS ISSUE. SUCH PERMISSION WILL BE GRANTED WHEN HEKTAR REIT HAS BEEN ADMITTED TO THE OFFICIAL LIST OF BURSA SECURITIES. ACCEPTANCE OF APPLICATIONS FOR THE OFFER UNITS WILL BE CONDITIONAL UPON PERMISSION BEING GRANTED TO DEAL IN AND QUOTATION FOR ALL THE OFFERED UNITS OF HEKTAR REIT. MONIES PAID IN RESPECT OF ANY APPLICATION FOR THE OFFER UNITS ACCEPTED WILL BE RETURNED IF THE SAID PERMISSION IS NOT GRANTED. ADMISSION TO THE OFFICIAL LIST IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF HEKTAR REIT OR ITS UNITS.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THIS PROSPECTUS IS NOT INTENDED TO BE AND WILL NOT BE ISSUED, CIRCULATED OR DISTRIBUTED AND THE PUBLIC OFFERING (AS DEFINED HEREIN) WILL NOT BE MADE OR DEEMED TO BE MADE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA OR TO PERSONS WHO ARE MADE SUBJECT TO THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. THE PUBLIC OFFERING TO WHICH THIS PROSPECTUS RELATES IS ONLY AVAILABLE TO PERSONS RECEIVING THIS PROSPECTUS ELECTRONICALLY OR OTHERWISE WITHIN MALAYSIA.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE PUBLIC OFFERING (AS DEFINED HEREIN), MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH. IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE PUBLIC OFFERING WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE PUBLIC OFFERING (AS DEFINED HEREIN) WOULD BE IN COMPLIANCE WITH THE TERMS OF THE PUBLIC OFFERING AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED TO. THE MANAGER WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE PUBLIC OFFERING (AS DEFINED HEREIN) IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THE PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE PUBLIC OFFERING (AS DEFINED HEREIN) YOU ARE OR MIGHT BE SUBJECTED TO. NEITHER US NOR THE ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE PUBLIC OFFERING SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES WEBSITE AT www.bursamalaysia.com. THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

THE INTERNET IS NOT A FULLY SECURED MEDIUM. YOUR INTERNET APPLICATION FOR THE OFFER UNITS OF THE PUBLIC OFFERING (AS DEFINED HEREIN) MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (I) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES REFERRED IN THIS PROSPECTUS. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU ARE TO BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS, I.E. TO THE EXTENT THAT THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES.
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF THE ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURED MEDIUM.

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THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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TENTATIVE TIMETABLE

The tentative timing of events is as follows:

	Tentative dates
Opening date of the Public Offering	15 November 2006
Closing date of the Public Offering	22 November 2006*
Tentative balloting date	24 November 2006
Tentative allotment date	29 November 2006
Tentative listing date of Hektar REIT	4 December 2006

Note:

- * *The Public Offering will open and close at the times and dates as stated above or such further dates as our Directors and the Managing Underwriter at their absolute discretion may mutually decide. Should the closing date of the Public Offering be changed, the dates for the balloting, allotment of Offer Units and the listing would be changed accordingly (where relevant). Any change to the closing date of the Public Offering will be published in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia.*

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DEFINITIONS

Unless the context otherwise requires, the following definitions shall apply throughout this Prospectus and the Application Forms:

- “Acquisitions” : Collectively, the Acquisition of Mahkota Parade and the Acquisition of Subang Parade
- “Acquisition of Mahkota Parade” : The acquisition by Hektar REIT of Mahkota Parade from HBSB for a total purchase consideration of RM232,000,000 to be satisfied by issuance of 72,700,000 Units at RM1.00 per Unit and cash payment of RM159,300,000
- “Acquisition of Subang Parade” : The acquisition by Hektar REIT of Subang Parade from HPSB for a total purchase consideration of RM280,000,000 to be satisfied by issuance of 87,800,000 Units at RM1.00 per Unit and cash payment of RM192,200,000
- “Act” : Companies Act, 1965 and any statutory modification, amendment or re-enactment thereof for the time being in force
- “ADA(s)” : Authorised Depository Agent(s)
- “ADA Code” : ADA (Broker) Code
- “AmMerchant” : AmMerchant Bank Berhad (*Company No. 23742-V*), being the Co-Financial Adviser, Joint Bookrunner and Underwriter of Hektar REIT
- “Application Form(s)” : Printed application form(s) for the application of the Retail Offering accompanying this Prospectus
- “Aseambankers” : Aseambankers Malaysia Berhad (*Company No. 15938-H*), being the Lead Adviser, Co-Financial Adviser, Joint Bookrunner, Lead Manager and Managing Underwriter of Hektar REIT
- “Asset(s)” : All the cash (including subscriptions for Units), investments and other properties of the Fund
- “ATM” : Automated teller machine
- “Authorised Financial Institution(s)” : The authorised financial institution(s) participating in the Internet Application, with respect to payments for the 10,000,000 Offer Units made available for application by the Malaysian public
- “Base Fee” : An amount equal to 0.25% per annum of the GAV of the Fund (excluding any GST), payable monthly in arrears, such fees not exceeding 1% of the GAV of the Fund as set out in the Deed
- “Board” : Board of Directors of Hektar Asset Management
- “Bookbuilding Agreement” : the bookbuilding agreement to be entered into by the Manager, the Lead Manager and the Joint Bookrunners in respect of the Institutional Offering
- “Bursa Depository / Depository” : Bursa Malaysia Depository Sdn Bhd (*Company No. 165570-W*)
- “Bursa Securities” : Bursa Malaysia Securities Berhad (*Company No. 635998-W*)

DEFINITIONS (Cont'd)

“Bursa Securities LR”	:	Listing requirements of Bursa Securities
“CDS”	:	Central Depository System
“Central Depositories Act”	:	Securities Industries (Central Depositories) Act, 1991 or any statutory modifications, amendments or re-enactment thereof and any regulations made thereunder
“CIMB Securities”	:	CIMB Securities Sdn Bhd (<i>Company No.163712-V</i>)
“Co-Financial Advisers”	:	Namely, Aseambankers and AmMerchant
“Deed”	:	The deed dated 5 October 2006 constituting Hektar REIT executed between the Trustee and the Manager
“Direct Costs”	:	The direct cost of operating and maintaining real estate and other income-generating assets whether held directly or indirectly through single purpose companies, being outgoings which are necessary or desirable or incidental to the investment or administration of Hektar REIT which includes quit rent, assessment, water rates, repairs and maintenance (including charges of non-recurring nature), insurance, electricity and cleaning charges incurred in the relation to any real estate held by Hektar REIT (excluding fees payable to the Manager and the Trustee, finance charges and other indirect costs).
“Distributable Income”	:	The distributable income of Hektar REIT as described in Section 8 of this Prospectus
“Electronic Application(s)”	:	Electronic application(s) for the Units through a Participating Financial Institution’s ATM
“Electronic Prospectus”	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
“FIC”	:	Foreign Investment Committee
“Final Retail Price”	:	The Final Price per Unit payable by investors pursuant to the Retail Offering to be determined in accordance with Section 3.6 of this Prospectus
“Financial Adviser”	:	KPMG Corporate Advisory Sdn Bhd (<i>Company No. 567386-P</i>), licensed investment adviser, being the Financial Adviser of Hektar REIT
“Footfall”	:	A key performance indicator which tracks customer traffic at a particular location through the installation of video cameras and a computerised counting system from a United Kingdom based technology company with installations at shopping centres worldwide. Footfall figures represent traversed customer / pedestrian traffic
“FYE(s)”	:	Financial year(s) ended / ending 31 December

DEFINITIONS (Cont'd)

“Gross Asset Value / GAV”	:	As at any time, the sum of (a) the value of all Assets obtained or determined by the Manager in accordance with the Deed, and (b) any other amounts which, in the opinion of the Manager in consultation with the Auditors, if appropriate, should be included for the purpose of making a fair and reasonable determination of the gross value of Hektar REIT on an undiscounted basis, having regard to approved accounting standards prescribed by the Financial Reporting Act, 1997
“GST”	:	Any value added, consumption, goods and services or other such tax imposed on goods and services in Malaysia
“HBSB”	:	Hektar Black Sdn Bhd (<i>Company No. 593778-H</i>)
“Hektar Asset Management / The Manager”	:	Hektar Asset Management Sdn Bhd (<i>Company No. 732261-T</i>) (formerly known as Impiland Sdn Bhd), being the manager of Hektar REIT
“Hektar REIT / the Fund”	:	Hektar Real Estate Investment Trust
“Hektar Group”	:	Collectively, HBSB, HPSB and HKSJ and its subsidiary company, Hektar Asset Management
“HKSJ”	:	Hektar Klasik Sdn Bhd (<i>Company No. 557687-X</i>)
“HPSB”	:	Hektar Premier Sdn Bhd (<i>Company No. 586618-M</i>)
“HPSB’s Land”	:	Part of the master title to Subang Parade measuring approximately 1.949 acres which will be retained by HPSB under the terms of the SPA;
“Independent Property Market Consultants”	:	MIRP Consult Sdn Bhd (<i>Company No. 525968 W</i>), being the Independent Property Market Consultants, of Hektar REIT
“Independent Property Valuer(s)”	:	Henry Butcher Malaysia Sdn Bhd (<i>Company No. 160636-P</i>) and Henry Butcher Malaysia (Malacca) Sdn Bhd (<i>Company No. 246114-T</i>), being the Independent Property Valuer(s) of Hektar REIT
“Internet Participating Financial Institution”	:	Participating organisations in the Internet Application. Presently, MBB, RHB and CIMB Securities are the only Internet Participating Financial Institutions
“Internet Application”	:	Application for the 10,000,000 Offer Units made available for application by the Malaysian public through eShare application via- www.maybank2u.com.my ; www.eipocimb.com ; or www.rhbbank.com.my
“Institutional Offering”	:	The offering of 143,500,000 Units, subject to reallocation, to institutions and selected investors at the Institutional Price
“Institutional Price”	:	The price per Unit payable pursuant to the Institutional Offering to be determined in accordance with Section 3.6 of this Prospectus
“Issuing House”	:	Malaysian Issuing House Sdn Bhd (<i>Company No. 254345 X</i>), being the Issuing House of Hektar REIT
“Joint Bookrunner(s)”	:	Namely, Aseambankers and AmMerchant
“Listing”	:	Admission to the Official List and the listing of and quotation of 320,001,000 units on the Main Board of Bursa Securities

DEFINITIONS (Cont'd)

“LPD”	: Latest practicable date being 14 October 2006, for the purposes of ascertaining certain information contained in this Prospectus
“Mahkota Parade”	: A piece of leasehold land held under PN 28957, Lot 1337 (formerly known as H.S.(D) 49714, P.T. 501), Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka, measuring approximately 53,030 sq m (13.1 acres) together with a three-storey shopping complex with one level of basement car park. The commercial/retail complex comprises 3 floors of shopping/commercial area on the basement, ground, first and second floors and basement car parks with total NLA of 471,417 sq ft (approximately 43,796 sq m) as at 30 September 2006 (excluding individual lots which have already been sold prior to the date of the SPAs)
“Malaysian Public”	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organized under the laws of Malaysia
“Managing Underwriter”	: Managing Underwriter for the Retail Offering, namely Aseambankers
“Market Day”	: Any day on which Bursa Securities is open for trading in securities
“Master Land”	: All that piece of land held under Grant No. 55365, Lot No. 14193, Bandar Subang Jaya, District of Petaling, State of Selangor, measuring approximately 559,920.24 sq ft (12.854 acres) in area
“MBB”	: Malayan Banking Berhad (<i>Company No. 3813-K</i>)
“MER”	: Management expense ratio
“NAV”	: Net asset value which is determined by deducting the value of all the Fund’s liabilities from the value of all the Fund’s assets at the valuation point
“Net Lettable Area / NLA”	: Area in a building that is available for leasing, excluding common areas and is usually the area in respect of which the rent is payable
“Net Property Income / NPI”	: As at any day, being the gross revenue after deducting the Direct Cost
“Offer Units”	: The 159,500,000 new Units which are the subject of the Public Offering
“Official List”	: Official List of the Main Board of Bursa Securities
“OMV”	: Open market value
“Ordinary Resolution”	: A resolution of Unitholders proposed and passed by a majority consisting of 50% or more of the votes of those present and entitled to vote, but with a quorum of at least five (5) Unitholders or proxy of Unitholders holding in the aggregate at least 10% of Units carrying the right to vote
“Participating Financial Institution(s)”	: Participating financial institution(s) for Electronic Applications as listed in Appendix VIII of this Prospectus
“Partition”	: Partition of the Master Land pursuant to Section 140 of the National Land Code, 1965 so as to vest in:- (a) the Trustee, a separate document of title to Subang Parade; and (b) HPSB, a separate document of title to HPSB’s Land

DEFINITIONS (*Cont'd*)

“Performance Fee”	: An amount equal to 3.5% per annum of the NPI but before deduction of PMC’s fee and where NPI is the amount determined by the Manager in consultation with the auditor, if appropriate, as representing the surplus (if any) of the total income and gains of Hektar REIT derived from real estate, whether held directly or indirectly through single-purpose companies after deducting all direct costs (excluding any GST payable), such fees not exceeding 5% of the aforesaid net property income as set out in the Deed
“Property Management Company / PMC”	: Izrin and Tan Properties Sdn Bhd (<i>Company No. 602338-K</i>), being the Property Management Company of Hektar REIT
“Prospectus”	: This prospectus dated 15 November 2006
“Public Offering”	: The Retail Offering and Institutional Offering, collectively
“Real Estate Assets”	: Real estate and single-purpose companies, real estate related assets or liquid assets which are types of authorised investments as described in Section 7.3 of this Prospectus
“Registrar”	: Mega Corporate Services Sdn Bhd (<i>Company No. 187984-H</i>), being the Registrar of Hektar REIT
“REIT(s)”	: Real estate investment trust(s)
“Reporting Accountants”	: Shamsir Jasani Grant Thornton (<i>AF: 0737</i>), being the Reporting Accountants of Hektar REIT
“Retail Offering”	: The offering of 16,000,000 Units, subject to reallocation, to the Malaysian Public as well as the eligible directors, employees and business associates of Hektar Group at the Retail Price
“Retail Price”	: The initial price of RM1.05 per Unit to be fully paid by applicants in accordance with Section 3.2 of this Prospectus and to be finalized on determination of the Institutional Price
“RHB”	: RHB Bank Berhad (<i>Company No. 6171-M</i>)
“RM and sen”	: Ringgit Malaysia and sen, respectively
“Sale and Purchase Agreements / SPA(s)”	: Collectively, the conditional sale and purchase agreements dated 5 October 2006 entered into between the Trustee and HBSB and HPSB respectively, in relation to the Acquisitions
“SC”	: Securities Commission of Malaysia
“SCA”	: Securities Commission Act, 1993 and any statutory modification, amendment or re-enactment thereof for the time being in force
“SC Guidelines on REITs”	: Guidelines on Real Estate Investment Trusts issued by the SC on 3 January 2005, and any subsequent amendments or updates thereof
“Solicitors”	: Zul Rafique & Partners, being the solicitors of Hektar REIT

DEFINITIONS (*Cont'd*)

“Special Resolution”	: A resolution of Unitholders proposed and passed by a majority consisting 75% or more of the votes of those present and entitled to vote, but with a quorum of at least five (5) Unitholders or proxy of Unitholders holding at least 15% of Units carrying the right to vote
“sq ft”	: Square feet
“sq m”	: Square metres
“STA”	: Strata Titles Act, 1985 and any statutory modification, amendment or re-enactment thereof for the time being in force
“Step-Up”	: A provision in a tenancy agreement which specifies a pre-determined increase in rent at defined intervals during a tenancy agreement, typically every year. Usually forms the base rent of any tenancy agreement.
“Subang Parade”	: Part of the Master Land measuring approximately 475,021.80 square feet (10.905 acres) in area (excluding HPSB’s Land) together with a three-storey shopping complex with 2 basement levels. The commercial/retail complex comprises 3 floors of shopping/commercial area on the ground, second and third floors, one level of basement car parks and another level of basement service tunnel with total NLA of 472,709 sq ft (approximately 43,916 sq m) as at 30 September 2006 (excluding individual lots which have already been sold prior to the date of the SPAs)
“Subject Properties”	: Subang Parade and Mahkota Parade, collectively
“Tax Consultants”	: Ernst and Young Tax Consultants Sdn Bhd (<i>Company No. 179793-K</i>), being the Tax Consultants of Hektar REIT
“Trustee”	AmTrustee Berhad (<i>Company No. 163032-V</i>), being the Trustee of Hektar REIT
“Turnover Rent”	: A rent which is calculated as a proportion of annual turnover of the tenant's business. Turnover Rent is paid to the Manager if it exceeds the base rent specified in the tenancy agreement
“Underwriter(s)”	: Namely, Aseambankers and AmMerchant
“Underwriting Agreement”	: The underwriting agreement dated 18 October 2006 entered into between Hektar Asset Management, the Managing Underwriter and the Underwriter(s)
“Unit(s)”	: Undivided interest(s) in Hektar REIT as constituted by the Deed
“Unitholder(s)”	: Holder(s) of the Units of Hektar REIT
“VAEA Act”	: Valuers, Appraisers and Estate Agents Act, 1981
“Vendors”	: The vendors of the Subject Properties, namely: (a) HPSB, in respect of Subang Parade; and (b) HBSB, in respect of Mahkota Parade

DEFINITIONS (Cont'd)

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to person shall include corporations.

Any reference in the Prospectus to any enactment or guideline is a reference to the enactment or guideline as for the time being amended or re-enacted.

Any reference to a time of day in the Prospectus shall be referenced to Malaysian time, unless otherwise stated.

All references to “Manager”, “we”, “us”, “our” and “ourselves” in this Prospectus are to Hektar Asset Management Sdn Bhd.

The terms “tenant” and “lessee”, and “tenancy” and “lease” respectively, are used inter-changeably in this Prospectus and do not denote any duration of the tenancy or lease, unless specifically stated.

Any discrepancies in the tables included in this Prospectus between the listed amounts and totals thereof are due to rounding.

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1. CORPORATE DIRECTORY

- Manager** : Hektar Asset Management Sdn Bhd
(Company No. 732261-T)
- Manager's Principal Place of Business** : Block A-2-4
Plaza Damas
No. 60, Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur
- Tel: 03 - 6201 1011
Fax: 03 - 6201 0012
Website: www.hektargroup.com
- Manager's Registered Office** : Unit 419, Block A
Kelana Business Centre
No. 97, Jalan SS 7/2
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
- Tel: 03 - 7492 7090
Fax: 03 - 7492 7099
- Board of Directors of the Manager** : Dato' Jaafar bin Abdul Hamid
Chairman and Chief Executive Officer
- Zalila binti Mohd Toon
Executive Director and Chief Financial Officer
- Shahril bin Kassim
Non-Executive Director
- Dato' Syed Md Amin bin Syed Jan Aljeffri
Independent Non-Executive Director
- Dato' Lim Git Hooi @ Robert Lim
Independent Non-Executive Director
- Company Secretary of the Manager** : Muhammad Hafidz bin Nuruddin (MAICSA No. 7005820)
Unit 419, Block A
Kelana Business Centre
No. 97, Jalan SS 7/2
Kelana Jaya, 47301 Petaling Jaya
Selangor Darul Ehsan
- Tel: 03 - 7492 7090
Fax: 03 - 7492 7099
Email: hafidznco@hafidznco.com
- Registrar** : Mega Corporate Services Sdn Bhd (Company No. 187984-H)
Level 15-2, Faber Imperial Court,
Jalan Sultan Ismail, P.O. Box 12337
50774 Kuala Lumpur
- Tel: 03 - 2692 4271
Fax: 03 - 2732 5388
Website: www.megacorp.com.my

1. CORPORATE DIRECTORY (Cont'd)

- Property Management Company** : Izrin and Tan Properties Sdn Bhd (*Company No. 602338-K*)
1-1 Jalan 5/76B
Desa Pandan
55100 Kuala Lumpur

Tel. 03 - 92839782
Fax. 03 - 92839827
Email: intkl@streamyx.com
- Trustee** : AmTrustee Berhad (*Company No. 163032-V*)
(*a member of AmInvestment Group Berhad*)
17th Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur

Tel: 03 - 2078 2633
Fax: 03 - 2031 3070
Website: www.ambg.com.my
- Auditors/Reporting Accountants** : Shamsir Jasani Grant Thornton (*AF: 0737*)
Level 11
Faber Imperial Court
Jalan Sultan Ismail
P.O. Box 12337
50774 Kuala Lumpur

Tel: 03 - 2692 4022
Fax: 03 - 2732 5119
Website: www.gt.com.my
- Principal Banker** : Malayan Banking Berhad (*Company No. 3813-K*)
Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

Tel: 03 - 2070 8833
Fax: 03 - 2070 7298
Website: www.maybank2u.com
- Solicitors** : Zul Rafique & Partners
Suite 17.01
17th Floor, Menara PanGlobal
8 Lorong P. Ramlee
50250 Kuala Lumpur

Tel : 03 - 2078 8228
Fax : 03 - 2034 1913
Website : www.zulrafique.com.my

1. CORPORATE DIRECTORY (*Cont'd*)

- Tax Consultants** Ernst & Young Tax Consultants Sdn Bhd (*Company No. 179793 – K*)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Tel: 03 - 7495 8000
Fax: 03 - 2095 7043
Website: www.ey.com.my
- Independent Property Valuer(s)** : Henry Butcher Malaysia Sdn Bhd (*Company No. 160636 - P*)
25, Jalan Yap Ah Shak
50300 Kuala Lumpur

Tel: 03 - 2694 2212
Fax: 03 - 2694 5543
Website: www.henrybutcher.com.my

Henry Butcher Malaysia (Malacca) Sdn Bhd (*Company No. 246114 – T*)
323 A & B, Jalan Melaka Raya 1
Taman Melaka Raya
75000 Melaka

Tel: 06 - 281 2188
Fax: 06 - 281 2189
Website: www.henrybutcher.com.my
- Independent Property Market Consultants** MIRP Consult Sdn Bhd (*Company No. 525968 W*)
Block C, 2nd Floor
Unit 209
Damansara Intan
No. 1, Jalan SS20/27
47400 Petaling Jaya
Selangor

Tel: 03 - 7727 0611
Fax: 03 - 7727 0299
Website: www.mirp.com.my
- Lead Adviser, Co-Financial Adviser, Lead Manager, Joint Bookrunner and Managing Underwriter** : Aseambankers Malaysia Berhad (*Company No. 15938-H*)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Tel: 03 - 2059 1888
Fax: 03 - 2070 6521
Website: www.aseam.com.my

1. CORPORATE DIRECTORY (Cont'd)

- Co-Financial Adviser,
Joint Bookrunner and
Underwriter** : AmMerchant Bank Berhad (*Company No. 23742 – V*)
(*a member of AmInvestment Group Berhad*)
22nd Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
- Tel: 03 - 2078 2633/44/55
Fax: 03 - 2070 8596
Website: www.ambg.com.my
- Financial Adviser** : KPMG Corporate Advisory Sdn Bhd (*Company No. 567386 – P*)
(*Licensed Investment Adviser*)
Level 8 – 1
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
- Tel: 03 - 2095 3388
Fax: 03 - 2095 2107
Website: www.kpmg.com.my
- Underwriters** : Aseambankers Malaysia Berhad (*Company No. 15938-H*)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
- Tel: 03 - 2059 1888
Fax: 03 - 2070 6521
Website: www.aseam.com.my
- AmMerchant Bank Berhad (*Company No. 23742 – V*)
(*a member of AmInvestment Group Berhad*)
22nd Floor
Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
- Tel: 03 - 2078 2633/44/55
Fax: 03 - 2070 8596
Website: www.ambg.com.my
- Issuing House** : Malaysian Issuing House Sdn Bhd (*Company No. 254345 X*)
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
- Tel: 03 – 2693 2075
Fax: 03 – 2693 0858
Website: www.mih.com.my
- Listing sought** : Main Board of Bursa Securities

2. SUMMARY INFORMATION

THIS SECTION OF THE PROSPECTUS REPRESENTS ONLY A SUMMARY OF THE SALIENT INFORMATION ON HEKTAR REIT AND THE PUBLIC OFFERING, AND IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE FULL TEXT OF THIS PROSPECTUS BEFORE DECIDING WHETHER TO INVEST IN THE OFFER UNITS AND IF NECESSARY, CONSULT YOUR OWN PROFESSIONAL ADVISERS.

YOU SHOULD BE AWARE THAT THE RENTAL YIELDS OF THE SUBJECT PROPERTIES AS WELL AS OTHER REAL ESTATES THAT HEKTAR REIT MAY INVEST IN THE FUTURE ARE NOT EQUIVALENT TO THE YIELD OF THE UNITS AND THAT THE CURRENT RENTAL RECEIPTS AND YIELDS OF THE SUBJECT PROPERTIES MAY NOT BE SUSTAINABLE.

YOU SHOULD ALSO NOTE THAT THE VALUE OF THE SUBJECT PROPERTIES (INCLUDING OTHER INVESTMENTS THAT HEKTAR REIT MAY HAVE IN THE FUTURE), UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY, MAY RISE AS WELL AS FALL.

2.1 Hektar REIT

Hektar REIT, constituted by the Deed dated 5 October 2006, is a REIT formed to acquire and invest in income-producing real-estate in Malaysia which is primarily used for retail purposes with a view to provide Unitholders with stable distribution of income and potential capital growth.

The salient features of the Fund are set out below:

Name of fund	:	Hektar REIT
Fund category	:	REIT
Fund type	:	Growth and income
Investment objectives	:	Our principal investment objective is to invest in income-producing real estate in Malaysia which is primarily used for retail purposes and to provide the Unitholders with a secure income distribution and to enhance the long-term value of the Fund
Investment strategies	:	We aim to achieve the objective of the Fund with the following: <ul style="list-style-type: none">• Invest and manage real estate assets predominantly involved in retail and/or shopping centres;• Acquire and manage future assets which are income-producing properties or possess significant potential for income growth;• Focus on investing under a long-term investment horizon;• Manage and continue to extract synergies and efficiencies from the existing portfolio; and• Finance operations and investments under a conservative but conducive capital structure
Approved size of Fund	:	320,001,000 Units
Authorised investments	:	<ul style="list-style-type: none">• At least 75% of the total assets of Hektar REIT shall be invested in real estate assets, real estate-related assets, single purpose companies or liquid assets;

2. SUMMARY INFORMATION (Cont'd)

Authorised investments (cont'd)	<ul style="list-style-type: none">• At least 50% of the total assets of Hektar REIT must be invested in real estate assets or single purpose companies; and• The balance 25% of the total assets of Hektar REIT may be invested in any other authorised investments.
Retail Price	: RM1.05 per Offer Unit. The Final Retail Price will be determined upon the fixing of the Institutional Price and will be the lower of RM1.05 or 95% of the Institutional Price. We will refund the differences if the Final Retail Price is lower than RM1.05 per Unit.
Institutional Price	: To be determined via the bookbuilding process with agreement between the Joint Bookrunners and the Manager
Financial period	: Financial year ended / ending 31 December
Distribution policy	: Semi-annually or at such other intervals as determined by us at our discretion in arrears, at least 90% of the distributable income of Hektar REIT. Barring any unforeseen circumstances, for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009, we intend to distribute RM30.810 million, RM28.829 million and RM29.713 million respectively or 90% of the distributable income of Hektar REIT, whichever is higher
Borrowing limitations	: Up to 50% of the total asset value of the Fund at the time the borrowing is incurred Upon completion of the Public Offering, Hektar REIT will have an initial gearing of approximately RM184 million representing 34.79% of its total asset value of the Fund upon completion of the Acquisitions
Revaluation policy	: The real estates shall be revalued at least once every three (3) years from the date of the last valuation
Redemption policy	: Unitholders have no right to request us to repurchase their Units while the Units are listed
Minimum initial investment	: Minimum of 100 Units
Minimum additional investment	: Multiples of 100 Units
Investor profile	: Suitable for investors who understand the risks related to the real estate industry, in particular retail complexes and expect to benefit from the periodic distribution of income and long-term growth of the Fund
Form	: The Units will be issued in registered form and the Fund shall be constituted by the Deed
Board lot	: 100 Units per board lot
Quotation	: Main Board of Bursa Securities

For further details on the salient terms of the Fund, please refer to Section 7 of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)

2.2 Key Information On The Subject Properties

On completion of the Public Offering, Hektar REIT will acquire Subang Parade and Mahkota Parade which shall form the initial investments of the REIT for a total purchase consideration of RM512 million. Brief information on the Subject Properties is set out below:

2.2.1 Subang Parade

<i>Postal Address</i>	:	No. 5, Jalan SS 16/1, 47500 Subang Jaya, Selangor Darul Ehsan
<i>Description</i>	:	Part of the Master Land measuring approximately 475,021.80 square feet (10.905 acres) in area (excluding HPSB's Land) together with a three-storey shopping complex with 2 basement levels. The commercial/retail complex comprises 3 floors of shopping/commercial area on the ground, second and third floors, one level of basement car parks and another level of basement service tunnel with total NLA of 472,709 sq ft (approximately 43,916 sq m) as at 30 September 2006 (excluding individual lots which have already been sold prior to the date of the SPAs)
<i>Category of land use</i>	:	Building
<i>Year of completion of the acquisition of Subang Parade by the Vendor</i>	:	2003
<i>Tenure</i>	:	Freehold
<i>Existing use</i>	:	Shopping complex
<i>Tenants Background</i>	:	As at 30 September 2006, Subang Parade had approximately 119 tenants. The top three (3) tenants on the basis of NLA is Parkson, Toys "R" Us and HSL Electrical and Electronics.
<i>Purchase price</i>	:	RM280,000,000
<i>Appraised value</i>	:	RM290,000,000 (based on valuation performed by the Independent Property Valuers)
<i>Date of valuation by Independent Property Valuers</i>	:	1 May 2006
<i>Registered interests and Encumbrances</i>	:	Currently charged to MBB under presentation number 52524/2003, 81295/2004 and 80317/2005 respectively.
<i>Restrictions in interest</i>	:	Nil

2. SUMMARY INFORMATION (Cont'd)

2.2.2 Mahkota Parade

Postal Address	: No. 1, Jalan Merdeka, 75000 Melaka
Description	: A piece of leasehold land held under PN 28957, Lot 1337 (formerly known as H.S.(D) 49714, P.T. 501), Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka, measuring approximately 53,030 sq m (13.1 acres) together with a three-storey shopping complex with one level of basement car park. The commercial/retail complex comprises 3 floors of shopping/commercial area on the basement, ground, first and second floors and basement car parks with total NLA of 471,417 sq ft (approximately 43,796 sq m) as at 30 September 2006 (excluding individual lots which have already been sold prior to the date of the SPAs)
Category of land use	: Building
Year of completion of the acquisition of Mahkota Parade by the Vendor	: 2004
Tenure	: 99-year State Lease from Malacca State Government expiring on 18 July 2101
Existing use	: Shopping complex
Tenants Background	: As at 30 September 2006, Mahkota Parade had approximately 102 tenants. The top three (3) tenants on the basis of NLA is Parkson, Golden Bowl and Giant.
Purchase price	: RM232,000,000
Appraised value	: RM233,000,000 (based on valuation performed by the Independent Property Valuers)
Date of valuation by Independent Property Valuers	: 1 May 2006
Registered interests and Encumbrances	: Currently charged to MBB under presentation number 6033/2004 and 10389/2005 respectively.
Restrictions in interest	: The land cannot be transferred or leased without the approval of the State Authority

The total forecasted gross rental income of the Subject Properties for the thirteen (13) months financial period ending 31 December 2007 is RM74.58 million.

For further details on the Subject Properties, please refer to Section 9 of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)

2.3 Fees And Charges

There are fees and charges involved and you are advised to consider the fees and charges before investing in Hektar REIT.

An investor or Unitholder may incur the following fees and charges upon the purchase, sale and holding of his/her investment in Hektar REIT.

A summary of all fees and charges of the Fund are shown below.

2.3.1 Payable by the Unitholders

The table below describes the fees that you may incur on the sale and purchase of the Units:

Bursa Securities clearing fee	0.04% of the transaction value, subject to a maximum of RM500 per transaction.
Brokerage	A percentage of the transaction value prescribed by the ADAs subject to a minimum of RM12 per transaction.
Stamp duty	0.1% of the transaction value as stated in the contract notes, subject to a maximum of RM200 per transaction.

For further information on the charges you may incur from the trading of Units on Bursa Securities, you may refer to its website at www.bursamalaysia.com.

2.3.2 Payable by Hektar REIT

Hektar REIT shall incur the following expenses:

Annual Manager's fee:	
(i) Base Fee	Up to 1.0% per annum of the GAV of the Fund, payable monthly in arrears, excluding GST. For the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009, the base fee shall be 0.25% per annum of the GAV of the Fund, excluding GST.
(ii) Performance Fee	Up to 5.0% per annum of the NPI, before deducting the PMC's fee, payable monthly in arrears, excluding GST. For the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009, the performance fee shall be 3.5% per annum of the NPI, before deducting the PMC's fee, excluding GST.
(iii) Acquisition Fee	Up to 1.0% of the acquisition value of any Hektar REIT's assets being the real estate or any unlisted company whose principal assets are real estate, purchased by the Trustee for the Fund.
(iv) Divestment Fee	Up to 0.5% of the disposal value of any Hektar REIT's assets being real estate or unlisted company whose principal assets are real estate, sold or diversified by the Trustee. For further details on the annual Manager's fee, please refer to Section 11.8 of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)

Annual Trustee's Fee	<p>Up to 0.1% per annum of the NAV of the Fund, including the manager's fees, payable annually in arrears, excluding GST.</p> <p>For the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009, the Trustees fees shall be 0.035% per annum of the NAV of the Fund, including the manager's fees, excluding GST.</p> <p>For further details on the annual Trustee's fee, please refer to Section 13.6 of this Prospectus.</p>
Annual PMC's Fee	<ul style="list-style-type: none">• 5.0% per annum of the gross rental income on the first RM30,000;• 3.0% per annum of the gross rental income on the residue up to RM100,000; and• 2.0% per annum on the gross rental income on the residue over RM100,000. <p>Payable monthly in arrears (excluding GST), with no further additional claims charged.</p> <p>For further details on the annual PMC's fee, please refer to Section 12.7 of this Prospectus.</p>
Other Fund Expenses	<ul style="list-style-type: none">• Auditor's fees;• Valuation fees;• Other relevant professional fees;• Interest expense;• Printing, posting and general expenses that are directly related and necessary for the administration of the Fund; and• Property operating expenses.

2.4 Financial Information

2.4.1 Proforma Historical Income Statement

As Hektar REIT is a newly established fund, save for the Subject Properties to be acquired, it does not have any portfolio of real estates and there is no historical financial information prepared since its establishment. We have prepared the proforma historical income statement of Hektar REIT based on the information extracted from the Vendors' audited financial statements for the four (4) months financial period ended 31 December 2003, FYE 2004, FYE 2005 and for the eight (8) months financial period ended 31 August 2006, as shown below, have been prepared for illustrative purposes only based on the representation of our directors, assuming that Hektar REIT has been in existence since end of August 2003. The revenue and expenses stated below are directly related to the operation of the Subject Properties.

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2. SUMMARY INFORMATION (Cont'd)

	Four (4) months financial period ended 31 December 2003¹	FYE 2004²	FYE 2005	Eight (8) months financial period ended 31 August 2006
	RM'000	RM'000	RM'000	RM'000
Gross rental income				
Revenue from tenancy	9,815	45,427	55,549	40,514
Car park income	1,142	4,390	5,219	3,824
	10,957	49,817	60,768	44,338
Less: Direct cost [*]				
Assessment, quit rent and insurance cost	405	2,622	3,079	2,078
Other operating expenses	3,671	13,939	16,578	12,354
	4,076	16,561	19,657	14,432
NPI	6,881	33,256	41,111	29,906

Notes:

* *The direct cost above is extracted based on expenses directly related to the operation of the Subject Properties.*

1 *Consists of approximately four (4) months results of Subang Parade since the date of acquisition by HPSB in end of August 2003.*

2 *Consists of twelve (12) months results of Subang Parade and approximately nine (9) months result of Mahkota Parade since the date of acquisition by HBSB in early April 2004.*

3 *The information on the proforma historical income statement prior to acquisition of the Subject Properties by the Vendors are not disclosed in the aforesaid as the previous owner of the Subject Properties has not consented to disclose the financial information on the Subject Properties during their tenure.*

For further details on the proforma historical income statement, please refer to Section 15.1 of this Prospectus.

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2. SUMMARY INFORMATION (Cont'd)

2.4.2 Proforma Balance Sheet

The following is a summary of the proforma balance sheet of Hektar REIT as at the date of establishment, prepared for illustrative purposes only, to show the effects of the Public Offering and Acquisitions.

	Proforma 1 As at the date of establishment of Hektar REIT RM'000	Proforma 2 After Proforma 1, the Public Offering and Acquisitions RM'000
Non-Current Assets		
Investment properties	-	514,922*
Current Assets		
Cash and cash equivalents	1	14,980
Current Liabilities		
Tenancy and other deposits	-	16,316
Net current asset / (liability)	1	(1,336)
	1	513,586
Financed by:		
Unitholders' Fund	1	336,586
Establishment and issue expenses	-	(7,000)
	1	329,586
Long Term Liabilities		
Borrowings	-	184,000
	1	513,586
NAV	1	329,586
No. of Units in issue	1,000	320,001,000
NAV per Unit (RM)	1.00	1.03

The proforma balance sheet has been prepared based on the principal bases and assumptions set out in Appendix II of this Prospectus (Reporting Accountant's Letter on the proforma balance sheet as at its date of establishment). We advise you to read Appendix II together with the proforma balance sheet set out above.

Note:

* Includes the capital expenditure of RM2.92 million in relation to the reconfiguration of former Lot G79 which was converted from a large, low-yielding lot into 11 smaller, higher-yielding lots, resulting in a NLA decrease of 13,531 sq ft.

2. SUMMARY INFORMATION (Cont'd)

2.4.3 Highlights of Profit Forecast and Projections

Barring any unforeseen circumstances, our Board forecasts and projects that the distribution to Unitholders for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009 will be as follows:

	Forecast	←----- Projections ----->	
	Thirteen (13) months financial period ending 31 December 2007 ⁵	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000
Gross rental income	74,580	70,236	72,247
Net income before tax ¹	30,810	28,829	29,713
Net income after tax ¹	30,810	28,829	29,713
Distribution to Unitholders	30,810	28,829	29,713
Distribution Yield (%) ² - Retail	8.47 ⁶	8.58	8.84
Distribution Yield (%) ³ - Institutional	8.01 ⁶	8.12	8.37
MER (%) ⁴	1.05 ⁶	1.09	1.10

Notes:

- 1 The figure for net income before and after tax is the same for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE2009 pursuant to Section 61A of the Malaysian Income Tax Act, 1967. For the year of assessment 2006, the REIT will be exempted from income tax on the amount of the total income distributed to Unitholders in the basis period for the year of assessment. The REIT is only liable to tax on that portion of its total income that is not distributed to Unitholders in the basis period. From the year of assessment 2007, it was proposed that the total income of REIT will be exempted from income tax provided 90% or more of its total income is distributed to Unitholders.*
- 2 Based on Retail Price of RM1.05 per Unit.*
- 3 Based on illustrative Institutional Price of RM1.11 per Unit.*
- 4 The MER provides a measure by which investors can assess and compare the fee and administration expenses incurred by the Fund.*
- 5 Commencing from December 2006 to December 2007.*
- 6 Annualised for twelve (12) months.*

The profit forecast and projections have been prepared based on the principal bases and assumptions set out in Appendix III and IV of this Prospectus. We advise you to read Appendix III and IV of this Prospectus together with the profit forecast and projections set out above.

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2. SUMMARY INFORMATION (Cont'd)

2.5 Principal Statistics Relating To The Issuance Of Units

	Units
<i>Fund size approved by the SC</i>	320,001,000
<i>Units in circulation as at the date of this Prospectus</i> 1,000 Units issued to us as promoters units	1,000
<i>To be issued pursuant to the Acquisitions</i>	160,500,000
<i>To be issued pursuant to the Public Offering</i>	159,500,000
	320,001,000
<i>Forecast NAV per Unit upon listing</i>	RM1.03*

Note:

* Based on the forecast NAV, after deducting the estimated listing expenses of RM7 million, of RM329.586 million as at 31 December 2007, divided by the enlarged number of Units to be issued by Hektar REIT.

There is only one class of Units in Hektar REIT. The Offer Units, provided that application monies are paid in full, will rank pari passu in all respects with the other existing offered Units of Hektar REIT and the Units will be entitled to all distributions that may be declared subsequent to the date of this Prospectus. For further details on the Public Offering, please refer to Section 3 of this Prospectus.

2.5.1 Utilisation of Proceeds

The total indicative gross proceeds to Hektar REIT arising from the Public Offering is approximately RM176,085,000. These proceeds will be utilised as follows:

	Application of proceeds RM'000	Timeframe for utilisation from date of receipt of proceeds
Part funding for the Acquisitions	167,500	within one (1) month
Estimated listing expenses	7,000	within six (6) months
Working capital	1,585	within twenty-four (24) months
Total Proceeds	<u>176,085</u>	

For further information on the use of proceeds, please refer to Section 3.7 of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)

2.6 Unitholdings Of The Vendors, Our Substantial Unitholders, Our Directors And Our Key Personnel

Prior to the date of this Prospectus, there are only 1,000 Units in circulation, all of which are held by us as promoter units. We will dispose of all of these units immediately upon listing of Hektar REIT.

The interests of the Vendors, our substantial Unitholders, directors and key personnel in Hektar Asset Management after the Public Offering and the Acquisitions are as follows:

	Proforma after the Public Offering and the Acquisitions			
	<-----Direct----->		<-----Indirect----->	
	No of Units	%	No of Units	%
Substantial Unitholders:				
HBSB	72,700,000	22.72	-	-
HPSB	87,800,000	27.44	-	-
Dato' Jaafar bin Abdul Hamid	2,050,000 [^]	0.64	160,500,000 ¹	50.16
Executive Directors:				
Dato' Jaafar bin Abdul Hamid	2,050,000 [^]	0.64	160,500,000 ¹	50.16
Zalila binti Mohd Toon	350,000 [^]	0.11	-	-
Non-Executive Directors:				
Shahril bin Kassim	250,000 [^]	0.08	-	-
Other Key Personnel:				
Christopher Angus Mears	350,000 [^]	0.11	-	-
Zarina Halim	100,000 [^]	0.03	-	-
Raziff Suhairi bin Shaaban	100,000 [^]	0.03	-	-

Notes:

[^] Including their allocation pursuant to the allocation to eligible directors, employees and business associates of Hektar Group.

¹ Deemed interested by virtue of his substantial shareholdings of more than 15% in HBSB and HPSB pursuant to Section 6A of the Act.

2.7 Risk Factors

An investment in the Offer Units to be listed on the Main Board of Bursa Securities involves a certain degree of risk. You should therefore rely on your own evaluation and are advised to carefully consider the risk factors (which may not be exhaustive) of investing in the Units of Hektar REIT before applying for the Offer Units. These would broadly include the following:

- **Risks relating to Hektar REIT's organisation and operations;**
- **Risks relating to Real Estate Assets; and**
- **Risks relating to an investment in the Units.**

For further details of the pertinent risks of investing in and applying for the Offer Units, please refer to Section 4 of this Prospectus.

3. THE PUBLIC OFFERING

3.1 Opening And Closing Of Applications

Applications for the Public Offering will be accepted from 10.00 a.m. on 15 November 2006 and will remain open until 5.00 p.m. on 22 November 2006 or such period or periods as our Board and the Managing Underwriter at our absolute discretion may mutually decide.

We will not accept any late applications.

The following events are intended to take place on the following tentative dates:

Event	Tentative Dates
Opening date of the Public Offering	15 November 2006
Closing date of the Public Offering	22 November 2006
Tentative balloting date	24 November 2006
Tentative allotment date	29 November 2006
Tentative listing date of Hektar REIT	4 December 2006

Should the closing date of the Public Offering be changed, the dates for the balloting, allotment of Offer Units and the listing would be changed accordingly (where relevant). Any change to the closing date of the Public Offering will be published in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia.

3.2 Details Of The Public Offering

The Public Offering is subject to the terms and conditions of this Prospectus, and upon acceptance, shall be allocated in the manner described below.

- (a) Retail Offering at the Retail Price of RM1.05 per Unit where:
- (i) 10,000,000 Units will be made available for application by the Malaysian citizens, companies, societies, co-operatives and institutions by way of balloting. At least 30% of these Units will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions; and
 - (ii) 6,000,000 Units will be made available for application by the eligible directors, employees and business associates of Hektar Group to be allocated in the following manner: -
 - 5,772,000 Units will be allocated to eligible directors and employees of the Hektar Group based on seniority, ranking and length of services; and
 - 228,000 Units will be allocated to business associates of the Hektar Group who have contributed significantly to the success of the Hektar Group.

3. THE PUBLIC OFFERING (Cont'd)

Details of the allocation to the directors of Hektar Group are as follows:-

Name of Directors	Company	Units allocated in Hektar REIT			
		<-----Direct----->		<-----Indirect----->	
		No of Units	%	No of Units	%
Dato' Jaafar bin Abdul Hamid	Hektar Asset Management, HKSB, HPSB and HBSB	2,050,000	0.64	160,500,000 ¹	50.16
Zalila binti Mohd Toon	Hektar Asset Management	350,000	0.11	-	-
Shahril bin Kassim	Hektar Asset Management, HKSB, HPSB and HBSB	250,000	0.08	-	-
Puteri Shariza binti Noordin Omar	HKSB, HPSB and HBSB	250,000	0.08	-	-
Michael Hee Kiang Lim	HKSB, HPSB and HBSB	250,000	0.08	-	-

Note:

¹ Deemed interested by virtue of his substantial shareholdings of more than 15% in HBSB and HPSB pursuant to Section 6A of the Act.

Any Units not subscribed by the eligible directors, employees and business associates of Hektar Group will be made available for application by the Malaysian Public as described in paragraph (i) above.

- (b) Institutional offering of 143,500,000 Units at the Institutional Price to be determined by way of bookbuilding, which will be made available for application by institutional and selected investors.

The Public Offering shall raise gross proceeds of at least RM176.085 million, which is the minimum proceeds required, to part finance the Acquisitions as well as to cover the incidental expenses of the Listing and to meet the working capital requirement.

If the Retail Offering and the Institutional Offering are not completed and/or less than RM176.085 million proceeds is being raised from the Public Offering, your money paid for the application will be returned within ten (10) Market Days from the date we become liable to do so, without interest. Thereafter, the Fund shall be terminated in accordance to the Deed.

Investors may apply for Units under the Retail Offering or indicate an interest for Units under the Institutional Offering, **but not under both**. Investors may only receive Units under either the Institutional Offering or the Retail Offering. The Institutional Offering will involve the selective marketing of Units to the institutional and selected investors anticipated to have a sizeable demand for such Units. Institutional and selected investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares, units and other securities, and corporate entities which regularly invest in shares, units and other securities.

3. THE PUBLIC OFFERING (Cont'd)

Allocation of the Units pursuant to the Institutional Offering will be determined by the Joint Bookrunners and us and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investors are likely to buy further, and/or hold or sell, its Offer Units after the Listing on a basis which would lead to the establishment of a solid Unitholder base to the benefit of Hektar REIT and the Unitholders as a whole.

Allocation of the Offer Units to applicants under the Retail Offering will be based solely on the level of valid applications received under the Retail Offering. The basis of allocation may vary, depending on the number of Offer Units validly applied for, but, subject to that, will be made on a pro-rata basis, although the allocation of Offer Units could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Offer Units, and those applicants who are not successful in the ballot may not receive any Offer Units. Please refer to Appendix VIII of this Prospectus on the procedures for application and acceptance for the Offer Units under the Retail Offering.

Selected investors who express interest for the Units under the Institutional Offering should comply with the procedures set out in accordance with the separate instructions specified by the Joint Bookrunners.

3.3 Clawback and Reallocation

The allocation of Units between the Retail Offering and the Institutional Offering is subject to adjustments by the Underwriters and the Joint Bookrunners.

In the event the Retail Offering is over-subscribed and there is an under-subscription in the Institutional Offering, Units may be clawed back from the Institutional Offering and reallocated to the Retail Offering. In the event the Institutional Offering is over-subscribed and there is an under-subscription in the Retail Offering, Units may be clawed back from the Retail Offering and reallocated to the Institutional Offering. Any such reallocation is subject to the agreement among the Underwriters, the Joint Bookrunners and the Manager, which approval shall not be unreasonably withheld or delayed.

3.4 Purposes Of The Public Offering

The purposes of the Public Offering are as follows:

- (a) to raise proceeds in order to part finance the Acquisitions;
- (b) to provide an alternative investment instrument that comprises a portfolio of real estates under a REIT that ensures stable contribution of income and potential appreciation of its value to the Unitholders in the future, as the Acquisitions are at a discount of approximately 2.1% to its appraised value; and
- (c) to obtain listing status on the Main Board of Bursa Securities so that the Units are readily tradable and hence more liquid compared to the underlying Subject Properties.

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3. THE PUBLIC OFFERING (Cont'd)

3.5 Issuance Of Units

	Units
<i>Fund size approved by the SC</i>	320,001,000
<i>Units in circulation as at the date of this Prospectus</i>	1,000
1,000 Units issued to us as promoters units	
<i>To be issued pursuant to the Acquisitions</i>	160,500,000
<i>To be issued pursuant to the Public Offering</i>	159,500,000
	320,001,000
<i>Forecast NAV per Unit upon listing</i>	RM1.03*

Note:

* Based on the forecasted NAV, after deducting the estimated listing expenses of RM7 million, of RM329.586 million as at 31 December 2007, divided by the enlarged number of Units to be issued by Hektar REIT.

There is only one class of Unit in Hektar REIT. The Offer Units, provided that application monies are paid in full, will rank pari passu in all respects with the other existing Units of Hektar REIT and the Units will be entitled to all distributions that may be declared subsequent to the date of this Prospectus.

At any meeting of Unitholders of the Fund, each Unitholder shall be entitled to vote in person or by proxy. On a show of hands, every person present who is a Unitholder, a representative or proxy of a Unitholder, shall have one vote, whereas on a poll, every Unitholder present in person or by proxy shall have one vote for each Unit held by him. A proxy need not be a Unitholder. However, we and any party related to us shall not exercise our voting rights in any Unitholders' meeting, unless otherwise permitted by the SC and/or any other relevant authorities.

3.6 Basis Of Arriving At The Final Retail Price And The Refund Mechanism

The Retail Price will be determined after the Institutional Price is fixed and may be subject to adjustments, where the Final Retail Price will be the lower of either RM1.05 or 95% of the Institutional Price (subject to rounding adjustments). The Institutional Price can only be determined after the completion of the bookbuilding exercise by agreement between the Joint Bookrunners and us on the price determination date.

We will announce the Final Retail Price and the Institutional Price in a Bahasa Malaysia and English daily newspaper circulating generally in Malaysia within two (2) Market Days after the price determination date. We will also send all successful applicants a written notice of the Final Retail Price and Institutional Price in the notices of allotment.

If an application is successful and the Final Retail Price is lower than the Retail Price, a refund of the difference will be made without any interest and despatched by ordinary mail to the addresses of the successful applicants within ten (10) Market Days of the final ballot of the applications at the applicants' own risk.

3. THE PUBLIC OFFERING (Cont'd)

3.7 Utilisation Of Proceeds

The total indicative gross proceeds arising from the Public Offering of RM176.085 million based on the Retail Price of RM1.05 and the illustrative Institutional Price of RM1.11, will accrue entirely to the Fund and shall be used in the following manner:

	Application of proceeds RM '000	Timeframe for utilisation from date of receipts of proceeds
Part funding for the Acquisitions	167,500	within one (1) month
Estimated listing expenses ⁽¹⁾ :		
- Professional fees	1,400	} within six (6) months
- Regulatory fees	140	
- Underwriting fees, brokerage fees and bookbuilding fees	3,400	
- Advertisement and printing expenses	600	
- Incidental cost for the Acquisitions	920	
- Issuing House	150	
- Miscellaneous	390	
Working capital	1,585	within twenty-four (24) months
Total Proceeds	176,085	

Notes:

- 1 Any unutilised amount shall be used for working capital purposes of Hektar REIT. Any shortfall will be met from proceeds set aside for working capital purposes.
- 2 In the event that the Final Retail Price is higher/lower than the Retail Price, there will be corresponding increase/decrease in the provision for working capital.

3.8 Brokerage And Commissions

(a) Brokerage

Brokerage relating to the 10,000,000 Units made available for application by the Malaysian Public (as described in Section 3.2(a)(i)) under the Retail Offering is payable by the Fund at the rate of 1.0% of the Final Retail Price in respect of successful applications which bear the stamps of Aseambankers, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association or the Issuing House.

(b) Commissions

Aseambankers and AmMerchant as the underwriters have agreed to underwrite the 16,000,000 Units to be issued pursuant to the Retail Offering, at the rate of 1.6% of the Final Retail Price, payable by the Fund. A managing underwriter's commission at the rate of 0.2% based on the Final Retail Price for the 16,000,000 Units to be issued under the Retail Offering, is also payable to Aseambankers as the Managing Underwriter.

3. THE PUBLIC OFFERING (Cont'd)

The Fund shall also bear the selling fee payable to the Joint Bookrunners at the rate of up to 1.85% of the Institutional Price for the 143,500,000 Units to be issued under the Institutional Offering. The Lead Manager will also be subject to a commission at the rate of 0.2% based on the Institutional Price for the 143,500,000 Units to be issued under the Institutional Offering.

3.9 Salient Terms Of The Underwriting Agreement

The Underwriting Agreement was entered into between us, Aseambankers as the Managing Underwriter and AmMerchant as the Underwriter on 18 October 2006 to severally but not jointly underwrite 16,000,000 Units under the Retail Offering (“Underwritten Units”) subject to the clawback and reallocation as mentioned in Section 3.3 above, for the underwriting commission rates of 1.6% of the Final Retail Price multiplied by the Underwriters’ respective portion of the Underwritten Units. Further, under the Underwriting Agreement, we will pay the Managing Underwriter a managing underwriting fee of 0.2% of the Final Retail Price multiplied by the 16,000,000 Units offered under the Retail Offering.

We have made several representations, warranties and undertakings under the Underwriting Agreement to and for the benefit of the Underwriters. Upon any misrepresentation or breach of such warranties of failure to perform the undertakings set out in the Underwriting Agreement, the Underwriters shall be entitled (but not bound) at their absolute discretion without prejudice to any other right or remedy which it may have, by notice to us to elect to treat such misrepresentation or breach or failure to perform as releasing and discharging us from our obligations under the Underwriting Agreement.

The salient terms of the Underwriting Agreement are set out below:-

- (a) The Underwriting Agreement is conditional upon the fulfillment of several conditions on or before the last day for the acceptance and payment for the Offer Units under the Public Offering or such other date as may be extended from time to time as may be determined and announced by us and the Managing Underwriter (“Closing Date”), which include the following main conditions:-
- (i) Bursa Securities having agreed in principle to the Listing within six (6) weeks from the date of the Prospectus (or such longer period as may be specified by the SC);
 - (ii) the Underwriters being satisfied that the Listing will be granted two (2) clear Market Days after the submission to Bursa Securities of the requisite documents;
 - (iii) the issue and offer of the Offer Units under the Public Offering have been approved by the SC and any other relevant authority;
 - (iv) the public shareholding spread as required pursuant to Bursa Securities LR being met;
 - (v) there has not been, as at any time hereafter up to and including the Closing Date, any adverse change, or any development involving a prospective adverse change, in the business, financial condition or prospect of the Manager, Hektar REIT and Hektar Group other than as set out in this Prospectus, nor has any event occurred or any fact discovered which will render inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in Clause 3.1 of the Underwriting Agreement if they are repeated on and as of the Closing Date;

3. THE PUBLIC OFFERING *(Cont'd)*

- (vi) the issue, offering and subscription of the Offer Units is not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
- (vii) the registration and lodging with the SC of a copy of this Prospectus in accordance with the requirements of the SCA;
- (viii) the delivery to the Underwriters, if required, prior to the date of registration of this Prospectus with the SC, of a copy certified as a true copy by an authorised officer of the Manager of all the resolutions of the Board and the shareholders in general meeting approving the Underwriting Agreement, this Prospectus and authorising the execution of the Underwriting Agreement, the issue and offer of the Offer Units and this Prospectus under the Public Offering;
- (ix) this Prospectus being issued not later than two (2) months from the date of the Underwriting Agreement or such date we and the Underwriters may agree in writing;
- (x) the delivery to the Underwriters on the Closing Date a certificate in the agreed form signed by a duly authorised officer of the Manager dated the Closing Date, to the effect that the person who provides such certificate has carefully examined the Underwriting Agreement and that:
 - (aa) that there shall not have occurred, on or prior to the Closing Date, any event rendering untrue, inaccurate or incorrect any of the representations, warranties and undertakings herein and the representations, warranties and undertakings herein are true, accurate and not misleading in all respects on and as of the Closing Date as though they had been given and made on the Closing Date and we have complied with all the terms of the Underwriting Agreement and satisfied all the conditions on our part under the Underwriting Agreement to be performed and satisfied on or prior to the Closing Date;
 - (bb) since the date of the Underwriting Agreement, there has been no change or development that may adversely affect the business or financial, condition or prospect of the Hektar Group save as disclosed in this Prospectus nor the occurrence of any event nor the discovery of any fact or circumstance rendering untrue or incorrect in any material adverse respect as at the Closing Date of any representations, warranties or undertakings contained in Clause 3.1 of the Underwriting Agreement; and
 - (cc) the issue of the Offer Units under the Public Offering are not being prohibited by any statutes or regulations promulgated or issued by any legislative or regulatory body in Malaysia;
- (xi) the Underwriters having been reasonably satisfied that we have in relation to the issue of the Offer Units complied with all policies, guidelines and requirements of the relevant authorities of Malaysia and all revisions, amendments and/or supplements thereto;
- (xii) the successful completion of the Institutional Offering; and
- (xiii) the Bookbuilding Agreement shall become unconditional in all respects (save for any condition requiring the Underwriting Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions thereof.

3. THE PUBLIC OFFERING *(Cont'd)*

- (b) If any of the conditions precedent is not satisfied on or before the Closing Date, the Underwriters may terminate the Underwriting Agreement by written notice to us.
- (c) The Underwriters may by notice in writing to us given at any time before the Closing Date terminate, cancel and withdraw their commitments to underwrite the underwritten Units if:-
 - (i) there is any breach by us of any of the representations, warranties or undertakings contained in Clause 3.1 of the Underwriting Agreement;
 - (ii) we withhold any material information from the Underwriters, which, in the opinion of the Underwriters may or is likely to have an adverse effect on the business, operation, financial condition or prospect of the Hektar Group or the success of the Public Offering;
 - (iii) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriters by reason of force majeure which would have or can reasonably be expected to have, a material adverse effect on the business, operations, financial condition or prospect of the Hektar Group or the success of the Public Offering or which is likely to have the effect of making any material obligation under the Underwriting Agreement incapable of performance in accordance with its terms. "Force Majeure" means causes which are unpredictable and beyond the reasonable control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to:-
 - (aa) war (whether war declared or not), acts of warfare, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war, hijacking, terrorism;
 - (bb) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power; or
 - (cc) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning tempest, accident or other Acts of God.
 - (iv) any government requisition or other occurrence of any nature whatsoever which in the opinion of the Underwriters may or is likely to have a material adverse effect on the business, operation, financial condition or prospect of the Hektar Group or the success of the Public Offering;
 - (v) any adverse change or development involving a prospective change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Underwriters may or is likely to have a material adverse effect on the business, operation, financial condition or prospect of the Hektar Group taken as a whole or the success of the Public Offering or the distribution or sale of the Offer Units (whether in the primary market or in respect of dealings in the secondary market);
 - (vi) trading of securities on Bursa Securities has been suspended for three (3) consecutive Market Days or more;
 - (vii) any change in law, regulation, directive, policy or ruling in any jurisdiction which in the opinion of the Underwriters may prejudice the success of the Public Offering or which may or is likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms;

3. THE PUBLIC OFFERING (Cont'd)

- (viii) the Institutional Offering is stopped or delayed for any reason whatsoever;
- (ix) the Bookbuilding Agreement has not been executed or is terminated or rescinded for any reason whatsoever; or
- (x) the Listing does not take place within three (3) months after the date of the Underwriting Agreement.

3.10 Bookbuilding Agreement

Due to the nature of the bookbuilding exercise and that the Institutional Price can only be determined after the completion of the bookbuilding exercise, the allocations for the Units under the Institutional Offering will only be made after the completion of the bookbuilding exercise and the determination of the Institutional Price in accordance with Section 3.6 of this Prospectus.

In this respect, the SC has granted a waiver for arrangements for the Units under the Institutional Offering to be entered into only after the completion of the bookbuilding exercise. Please refer to Section 14.3(i) for further details on the aforesaid waiver from the SC.

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4. RISK FACTORS

Risk Factors

You should rely on your own evaluation and carefully consider the following risk factors, in addition to other information contained elsewhere in this Prospectus, before applying for the Offer Units. The risk factors set out below, which may not be exhaustive, may have a significant impact on the future performance of and operations of Hektar REIT. Additional risks, whether known or unknown, may in the future have a material adverse effect on Hektar REIT or the price of the Units.

As an investment in a collective investment scheme is meant to produce returns over the long-term, you should not expect to obtain short-term gains.

You should be aware that the price of the Units may fall or rise. You should also note that you may not fully or at all recoup your original investment.

4.1 Risks Relating to Hektar REIT's Organisation and Operations

(a) Potential conflicts of interest between Hektar REIT and Hektar Group relating to acquisitions and disposals

Dato' Jaafar bin Abdul Hamid and Shahril bin Kassim are common directors and common shareholders of HKSB, HBSB and HPSB. Puteri Noor Shariza binti Noordin Omar and Michael Lim Hee Kiang are the common directors of HKSB, HBSB and HPSB. HKSB is our holding company, dealing in property investment and management. Both HBSB and HPSB are also involved in property investment and management.

HPSB and HBSB have granted the Fund a five (5) year right of first refusal to acquire additional assets from them, provided that, amongst others, we remain as the Manager for Hektar REIT during the entire five (5) year period and HPSB and HBSB collectively hold a total unitholding of at least 50% in Hektar REIT. Please refer to section 7.2.2 (b) of this Prospectus for further details. We may, on behalf of Hektar REIT, acquire such assets from HPSB and HBSB in the future if they pose attractive investments for Hektar REIT. Accordingly, potential conflict of interests may arise from such acquisition(s). In such cases, we intend to obtain appraisals from independent parties and comply with all other requirements applicable to such transactions under the SC Guidelines on REITs and the Bursa Securities LR. In addition, please refer to Section 11.15 of this Prospectus for our policy on dealing with conflict of interest situations. Alternatively, in varying its portfolio of properties, Hektar REIT may in the future dispose of properties to Hektar Group.

As a result, the strategies and activities of Hektar REIT may be influenced by the overall interest of Hektar Group. There can be no assurance that conflicts of interest will not arise between Hektar REIT and Hektar Group in the future, which may include acquisitions of properties as well as competition for tenants.

In accordance with the Deed, the prior approval of the Trustee and, if required, the Unitholders will be sought for such acquisitions or disposals and a qualified valuer will be appointed to appraise the value of the properties for such acquisitions and disposals. Our related corporations, associated persons and us will not vote on such transactions. *Related corporation* shall have the meaning given in Section 6 of the Act and associated persons shall have the meaning given in Section 3 of the Securities Industry Act, 1983.

4. RISK FACTORS (Cont'd)

(b) Risks associated with bank borrowings

Upon completion of the Acquisitions, Hektar REIT is expected to have borrowings of RM184 million to part finance the Acquisitions. The borrowing represents approximately 34.79% of total asset value of the Fund upon completion of the Acquisitions. The borrowings will be secured against one of the Subject Properties, i.e. Subang Parade.

If Hektar REIT is unable to meet its payment obligations under the terms of the borrowings, i.e. the interest payments, Subang Parade may be foreclosed by the lenders with a consequent loss of income and asset value to Hektar REIT. The ability of Hektar REIT to meet its future payment obligations and payment of distributions will be dependent on its future financial performance and operational cash flows.

Hektar REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise affect its operations and ability to make distributions to Unitholders. Such covenants may restrict Hektar REIT's ability to acquire properties or undertake other capital expenditures or may require it to set aside funds for maintenance or repayment of security deposits.

In addition, the fluctuation in interest rates may adversely affect the cash flows position of Hektar REIT and dividend distribution to the Unitholders.

For future bank borrowings, if Hektar REIT is unable to make payment obligations, properties of Hektar REIT that are charged to secure such borrowings may be foreclosed by the lenders or subject to a forced sale which may be conducted at an undesirable value. In addition, Hektar REIT may also be subject to refinancing risks. It may not be able to refinance its existing borrowings or the terms of such refinancing may not be as favourable as the terms of its existing borrowings.

We will endeavour to maintain the cash flows of the Fund at a manageable level, taking into account the cash flows, level of debts and distributions to Unitholders.

(c) Limitations on borrowings

Under the SC Guidelines on REITs, Hektar REIT is only permitted to borrow up to 50% of its total asset value at the time the borrowing is incurred. However, the Fund's total borrowings may exceed this limit with the prior approval of the Unitholders. Based on the intended borrowings (as set out in Section 4.1(b) above), the borrowings represents approximately 34.79% of total asset value of the Fund upon completion of the Acquisitions. Depending on the quantum of future borrowings that Hektar REIT may require, its ability to incur further borrowings will depend on:

- (i) the risks of borrowings to the Fund and the Unitholders; and
- (ii) the impact of borrowings on the financial position of the Fund.

Limitation on borrowings may have the following business consequences:

- (i) an inability to fund capital expenditure requirements by bank borrowings in relation to Hektar REIT's future acquisitions of properties;
- (ii) cash flows shortage which Hektar REIT might otherwise be able to resolve by borrowing funds; and
- (iii) a decline in the total asset value of the Fund may cause the borrowing limit to be exceeded thus affecting the Fund's ability to incur further borrowings.

4. RISK FACTORS (Cont'd)

Notwithstanding the above, we may source other means of funding such as internally generated funds or through new issuance of Units. In addition, a portion of the distributable income of Hektar REIT may be set aside for contingency purposes. Our directors are of the opinion that the working capital raised from the Public Offering will be sufficient for Hektar REIT for a period of 24 months from the date of the Listing.

(d) Limited operating history

Hektar REIT was established on 5 October 2006 and we were incorporated on 3 May 2006. Whilst several of our directors and key management personnel have been managing the Subject Properties previously, the Manager in itself has no operating history or past performances, which may be evaluated by investors to assess their likely future performance.

Notwithstanding the above, Hektar REIT is being managed by an experienced, professional and capable management team, which aims to achieve the investment objectives of Hektar REIT by applying sound investment policies and strategies. The profiles of our directors and management team are set out in Section 11 of this Prospectus.

(e) Dependence on key personnel

The success of Hektar REIT will depend to a significant extent upon the continued service and performance of our directors and key management team. The loss of any key member in our Board or key management may affect Hektar REIT's business, results of operations and financial conditions and results.

Notwithstanding the above, we have set up an operation manual that governs the administration of Hektar REIT. In addition, we have put in place a management succession plan to ensure business continuity.

(f) Investment policies of Hektar REIT may change

Upon completion of the Public Offering, the investment portfolio of Hektar REIT shall only consist of the Subject Properties. Hektar REIT may change its investment policies in future subject to the provisions of the Deed. There is no assurance that the new investment policies will result in a better distribution of income to Unitholders and no assurance of capital growth in such investment. Nevertheless, the investment policies of the Fund will at all times be subject to the requirements as set out in Section 7 of this Prospectus, which outlines the guidelines on limits and types of investment to be undertaken by Hektar REIT.

(g) Competition may affect the implementation of the investment strategies of Hektar REIT

Our investment strategy is to invest in a portfolio of strategically located shopping complexes tenanted to established retail companies in Malaysia with the primary objective to achieve long-term growth in NAV per Unit. Although we will endeavour to attain such objective, there is no assurance that the investment strategy can be implemented successfully. We may not be able to implement our strategy if there is a limited availability of such real estates for sale, increased competition amongst potential buyers of such real estates, changes to law or regulations which may adversely affect the operating environment or if we are unable to source financing at favourable terms.

The Manager may not be able to effectively execute the strategies and hence, Hektar REIT's investments may not be able to compete effectively. This could result in loss of tenants and unsuccessfulness in implementing asset enhancements by Hektar REIT. In addition, there is also the risk that future projects may not be implemented as planned.

4. RISK FACTORS (Cont'd)

(h) Changes in laws, regulations, guidelines and Government policies in Malaysia

Hektar REIT may be affected by revisions and changes in the laws and regulations governing real estate including but not limited to those governing zoning, usage, tax, statutory dues and government policies in Malaysia. These revisions may lead to unforeseen capital expenditures and/or increased management expenses to ensure compliance.

(i) Changes in accounting standards

The audited financial statements of Hektar REIT will be prepared in compliance with the provisions of the Deed, SC Guidelines on REITs, the SCA and applicable approved accounting standards in Malaysia. The Malaysian Accounting Standards Board ("MASB"), as part of its programme to fully converge with international financial reporting standards to date, has introduced a number of Malaysia Financial Reporting Standards or revised MASB Standards ("FRS"), which are effective for accounting periods beginning on or after 1 January 2006.

The above changes as well as any further changes to MASB Standards may result in significant changes in the preparation of Hektar REIT's financial results in the future. In Section 8 of this Prospectus, Distributable Income has been defined to address the significant proposed changes so far, which may potentially impact Hektar REIT's financial results. However, there can be no assurance that future changes to accounting standards will not affect the ability of Hektar REIT to make distributions to Unitholders or that such distributions will be in line with the forecasted and projected distributions of Hektar REIT as set out in Section 15 of this Prospectus.

(j) Valuation of the Subject Properties

The valuation reports of the Subject Properties dated 15 June 2006 stated that the Independent Property Valuers had not sighted a building surveyor or engineer's report or inspected any unexposed or inaccessible portions of the premises. Hence, their valuation of the Subject Properties does not take into account the structural integrity, defect, rot or infestation that may or may not effect the current valuation placed on the Subject Properties.

4.2 Risks Relating To Real Estate Assets

(a) Risks relating to the property market, economic, political and regulatory conditions in Malaysia

Hektar REIT's Subject Properties are located in Malaysia and as such are exposed to the performance of the property industry and to a larger extent, the economic performance of Malaysia. Hektar REIT's operations and future growth could be adversely affected by deterioration in the economic condition in Malaysia. Additionally, any adverse development in the political and regulatory conditions in Malaysia may also materially and adversely affect the financial performance of Hektar REIT. Such political and economic uncertainties include the risks of war, changes in general economic, business and credit conditions, changes in the Government's policies and the introduction of new regulations affecting the industry, inflation, interest rates, taxation, fluctuation in foreign exchange rates and political or social development in Malaysia. These factors may affect on open market value of the Subject Properties.

4. RISK FACTORS (Cont'd)

(b) Competition in the retail business

Hektar REIT's Subject Properties are used for retail purposes and may compete with properties of a similar type and quality. Increased competition may adversely affect the income and the market value of the Subject Properties. The rental income received by the Subject Properties is largely dependent on the ability of the Subject Properties to compete against other retail properties in attracting and retaining tenants. Important factors, which affect the ability to retain and attract tenants, include but are not limited to the quality of the building's infrastructure, existing tenant mix or surrounding area demographics.

The Subject Properties face competition from a variety of retail formats including hypermarkets, outlet malls and other retail formats. If competing properties of a similar type are built, or existing properties refurbished, near the location of the Subject Properties, then the income and the market value of the Subject Properties may be adversely affected.

(c) Risk of tenancy renewals

The majority of the tenancy agreements for the Subject Properties are for tenancy tenures of up to three (3) years, as per the typical market practice in Malaysia. As a result, each of the Subject Properties experience lease cycles in which a significant number of tenancies expire each year. As a result, the high concentration of renewal rates exposes Hektar REIT to certain vacancies, which may reduce the occupancy levels.

If a significant number of tenants do not renew their tenancies in a year of high tenancy expiries, it could have an adverse material impact on the Subject Properties and Hektar REIT's income. Furthermore, tenancy renewals may be agreed at rates less than favorable to current tenancies.

(d) Increase in operating and other expenses

Hektar REIT's ability to make distributions to the Unitholders could be affected if its operating and other expenses increase without a corresponding increase in revenue or tenant reimbursements of operating and other costs.

Factors, which could increase operating and other costs, include, amongst others:

- (i) inflation;
- (ii) increases in property taxes and other statutory dues;
- (iii) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- (iv) increases in property management cost and management fee;
- (v) increase in insurance premiums; and
- (vi) defects affecting the properties, which need to be rectified, leading to unforeseen capital expenditure.

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4. RISK FACTORS *(Cont'd)*

(e) Insurance coverage

The Subject Properties could suffer physical damage caused by fire, flood, earthquake or other causes or Hektar REIT may suffer public liability claim, which may result in losses (including loss of rent), and may not be fully compensated by insurance. In addition, certain types of risks (such as war risk and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, Hektar REIT could lose capital invested in the affected property as well as anticipated future revenue from that property. Hektar REIT would also remain liable for any debt or other financial obligation related to that property.

(f) General risks in the ownership and management of commercial real estate

The Subject Properties are exposed to general risks in investments in commercial real estate property. The performance of Hektar REIT can be affected by a variety of factors including but not limited to:-

- (i) tenants failing to comply with the terms and conditions of the commitments of the tenancy;
- (ii) vacancies following expiry or termination of tenancies, leading to reduced occupancy levels and subsequent reduction in rental income;
- (iii) loss of key tenants or tenants seeking bankruptcy protection, resulting in delays in the payment and/or the loss of rental income; and
- (iv) oversupply in the retail market, leading to a reduction of demand for space.

(g) Asset enhancement and development efforts may disrupt the operation of the Subject Properties

As Subang Parade was opened in 1988 and Mahkota Parade was opened in 1993, the Subject Properties may undergo renovation and asset enhancement work from time to time. During the period of such work, the business and operation of the Subject Properties may be adversely affected through the loss of customer traffic and the inability to collect rental income from tenancies disrupted by the renovation works.

In addition, development work or improvement works conducted on properties adjacent or near to the Subject Properties may also cause disruption to the operations of the Subject Properties in a similar manner as above.

(h) Compulsory acquisitions by the government

Pursuant to the provisions of the Land Acquisition Act, 1960, the State Authority (i.e. the Ruler or the Yang di-Pertua Negeri of the State, as the case may be) has the power to acquire any land, whether in whole or in part, (including the Subject Properties) which is needed:

- (i) for any public purpose;
- (ii) by any person or corporation for any purpose which in the opinion of the State Authority is beneficial to the economic development of Malaysia or any part thereof or to the public generally or any class of the public; or
- (iii) for the purpose of mining or for residential, agricultural, commercial, industrial or recreational purposes or any combination of such purposes.

4. RISK FACTORS (Cont'd)

The amount of compensation assessed to be awarded pursuant to any acquisitions is based on the following considerations:

- (i) the market value as determined in accordance with section 1 of the First Schedule of the Land Acquisition Act, 1960;
- (ii) any increase, which shall be deducted from the total compensation, in the value of the other land of the person interested likely to accrue from the use to which the land acquired will be put;
- (iii) the damage, if any, sustained or likely to be sustained by the person interested at the time the Land Administrator takes possession of the land, by reason of the acquisitions injuriously affecting his other property, whether movable or immovable, in any other manner;
- (iv) if, in consequence of the acquisitions, the person interested is or will be compelled to change his residence or place of business, the reasonable expenses, if any, incidental to such change; and
- (v) where only part of the land is to be acquired, any undertaking by the State Authority, or by the Government, person or corporation on whose behalf the land is to be acquired, for the construction or erection of roads, drains, walls, fences or other facilities benefiting any part of the land left unacquired provided that the undertaking is clear and enforceable.

The amount of such compensation may be:

- (i) less than the market price of the Subject Properties upon the sale of the Subject Properties in the open market; and
- (ii) less than the purchase consideration of the Subject Properties to be satisfied by the Trustee.

As at the LPD, none of the Vendors have received any notice of intended acquisitions in relation to the Subject Properties or any part thereof.

If any of the Subject Properties becomes affected by any notice of acquisitions or intended acquisitions under the Land Acquisition Act, 1960 before the date of completion of the Acquisitions, the Vendors must give notice thereof to the Trustee within two (2) business days of receipt of such written notice and in such an event, the Trustee has the option, within fourteen (14) days of receipt of such written notice, to either terminate or proceed with the SPAs.

If the Trustee terminates the SPAs, the Trustee shall redeliver / deliver legal possession of the Subject Properties, the duly executed notices for withdrawal of any private caveat lodged and other relevant documents to the Vendors and thereafter the SPAs shall be null and void and be of no further effect and neither party shall have any further claims against the other party, save for any antecedent breach. In the event that the Trustee elects to proceed with the purchase of the Subject Properties, the Vendors shall immediately notify the relevant authority of the Trustee's interest in respect of the relevant Subject Property and subject to the Trustee satisfying the purchase consideration for the Subject Properties, all compensation awarded and paid on such acquisitions will be paid to or held in trust by the Vendors for the Trustee.

4. RISK FACTORS (Cont'd)

(i) Non-approval of the application for Partition of the Master Land to Subang Parade

Pursuant to the terms of the Sale and Purchase Agreement for Subang Parade, 84.84% of the undivided share in the Master Land representing Hektar REIT's interest in Subang Parade will be transferred to the Trustee upon full payment of the purchase consideration which will take place after the Listing on the Main Board of Bursa Securities and HPSB undertakes to apply to the relevant authority for approval to Partition the Master Land and for the issue of the separate document of title to Subang Parade upon receipt of written notification that the Master Land has been duly registered in the joint name of HPSB and the Trustee as co-proprietors. Currently, the process of an application for Partition takes about 12 to 24 months. Hence, it is envisaged that the Master Land will remain in the joint name of HPSB and the Trustee as co-proprietors for a period of up to 12 to 24 months from the date of the registration of the statutory form of transfer instrument in accordance with the terms and conditions of the SPA.

In considering the application for Partition, the relevant authority will take into account various factors and it is possible for the said authority to reject or disallow such application. In such an event, the Trustee will remain a co-proprietor of the master title holding 84.84% of the undivided share being the majority share in the Master Land.

To mitigate the risk of HPSB's creating a charge over 15.16% undivided share in the Master Land (representing its interest in HPSB's Land) or to deal with its share in such manner to the detriment of the Trustee or Hektar REIT, HPSB under the terms of the Sale and Purchase Agreement has covenanted with the Trustee that it will not at any time after the date of execution of the Sale and Purchase Agreement until the issuance of the separate document of title to Subang Parade, subject the master title or any part thereof to any encumbrances or to deal with the master title or any part thereof in such other manner without the prior approval of the Trustee. Further, it is provided in the Sale and Purchase Agreement that the Trustee is entitled to retain the master title save for circumstances where the master title is required to be deposited with the relevant financial institution as security for repayment of the facilities granted to the Trustee/Hektar REIT.

(j) Non-registration of the transfer and discharge of charge of the Subject Properties

Pursuant to the terms of the Sale and Purchase Agreement for Subang Parade, HPSB will execute and deliver to the Trustee the statutory form of transfer instrument for the purpose of effecting the transfer of 84.84% of the undivided share in the Master Land in favour of the Trustee upon execution of the Sale and Purchase Agreement. The said transfer instrument will be presented at the relevant land registry/land office for registration upon full payment of the purchase consideration, which will take place after the Listing on the Main Board of Bursa Securities, in accordance with the terms of the SPA.

Pursuant to the terms of the Sale and Purchase Agreement for Mahkota Parade, HBSB will execute and deliver to the Trustee the statutory form of transfer instrument upon execution of the Sale and Purchase Agreement. The said transfer instrument and the discharge of charge will be presented at the relevant land registry/land office for registration upon full payment of the purchase consideration and which will take place after the Listing on the Main Board of Bursa Securities, in accordance with the terms of the SPA.

While every effort will be made to ensure that the transfer instruments and the discharge of charge in respect of the Subject Properties are fit for registration and that there are no evident restraints on dealings with the Subject Properties prior to the presentation of the transfer instruments and the discharge of charge in order to minimise any risk of non-registration, there is no conclusive evidence or proof that the Subject Properties have been transferred to the Trustee until the issue documents of title to the Subject Properties are duly endorsed with

4. RISK FACTORS (Cont'd)

the name of the Trustee as transferee and such titles are returned by the relevant land registry/land office.

Currently, the registration process for any type of land dealings at the land registry/land office could take a number of months to complete with the issue documents of title duly returned. However, the date of registration of the change of ownership of the Subject Properties would be the date of presentation of the instrument of transfer at the relevant land registry/land office, regardless of when the issue documents of title are eventually returned.

Given the nature of property transactions in Malaysia, the risk of non-registration is not unique to REITs.

To mitigate the risk of non-registration of the Subject Properties in favour of the Trustee, the SPAs provide that upon completion, the Vendors will hold the Subject Properties as bare trustee for the Trustee and will do all such acts and things to give effect to any dealings with the Subject Properties by the Trustee as beneficial owner, including granting the Trustee a power of attorney in order to effectively deal with the said buildings as the owner in accordance with applicable laws. The Trustee will also be entitled to all rental income generated by the Subject Properties and any rental income received by the Vendors will be held by the Vendors in trust for the Trustee and immediately paid over to the Trustee.

(k) Strata Titles on Subject Properties not issued

The strata titles to the Subject Properties have yet to be issued by the relevant authorities.

Pursuant to the terms of the Sale and Purchase Agreements, the Vendors undertake at their own cost and expense to submit, on behalf of the Trustee the application to the relevant authorities for the issuance of the strata titles for the individual units or lots already sold pursuant to the requirements of the STA and in accordance with provisions of the respective Sale and Purchase Agreements. Under the terms of the Sale and Purchase Agreement for Subang Parade, HPSB undertakes to submit the strata title application within 6 months from the date of issuance of the separate document of title to Subang Parade or such extended period as the parties may mutually agree in writing. Under the terms of the Sale and Purchase Agreement for Mahkota Parade, HBSB undertakes to submit the strata title application within 6 months from the date of completion of the sale and purchase i.e. the date of full payment of the consideration for such extended period as the parties may mutually agree in writing.

The Vendors further undertake to indemnify the Trustee for any fines, penalties or other payment levied by the relevant authorities as a result of the delay by the Vendors in their application to the relevant authorities for the issuance of strata title or as a result of any non-compliance by the Vendors in relation to the Subject Properties pursuant to the STA.

(l) Subsequent disposal of the Subject Properties

The consideration paid for the Subject Properties was arrived at based on a discount to their respective appraised values as determined by the Independent Property Valuers. The methods of valuation of the real estate generally may include a subjective determination of certain factors relating to the relevant real estate, such as their relative market positions, their financial and competitive strengths and their physical conditions. The appraised values of the Subject Properties determined by the Independent Property Valuers do not guarantee a scale for any part or the whole of the Subject Properties at their appraised value at present or in the future. The price at which Hektar REIT may sell any part or the whole of the Subject Properties in the future may be lower than their purchase price.

Mahkota Parade is subject to a restriction in interest clause endorsed on the document of title, which requires the proprietor of the land to obtain prior consent of the State Authority for the purpose of transfer and lease.

4. RISK FACTORS (Cont'd)

It is not uncommon for the State Authority to reject any application for consent to transfer and lease. Hence, there may be a risk that any subsequent disposal by the Trustee will be disallowed by the State Authority.

(m) Loss of control and rights to manage common properties of the Subject Properties

Legal ownership, control and rights to manage the common properties comprised in the Subject Properties remain with the Trustee as co-registered proprietor/legal owner prior to application for partitioning and issuance of strata titles to the Subject Properties. Upon partitioning and issuance of strata titles, the common properties shall be owned, managed and controlled by a management corporation established under the STA.

The registered proprietors and purchasers of the sold lots comprised in the Subject Properties have entered into contractual arrangements to provide for the proper maintenance of the common properties before a management corporation is established for the Subject Properties. The contractual arrangements provide that the purchasers of the sold lots in the Subject Properties have rights and liberties in common with the registered proprietor to use and enjoy the common properties. Pursuant to the terms of the SPAs, upon completion of the Acquisitions, the aforementioned contractual obligation will be novated to the Trustee. Hence, upon issuance of the strata titles, Hektar REIT will not in itself have direct or indirect control over the common properties and the management of the common properties will be taken over by the management corporation.

4.3 Risks Relating to an Investment in the Units

(a) Distributions to Unitholders will be subject to cash availability

The net operating profit that Hektar REIT earns from its real estate investments depends on, amongst other factors, the amount of rental income received, and the amount of property, operating and other expenses incurred. If the Subject Properties or other real estate, which Hektar REIT may invest in, does not generate sufficient net operating profit and cash flows, Hektar REIT's ability to make distributions will be adversely affected.

We will continue to maintain the existing status of rental collection within the first seven (7) days of the month. Expenses are monitored according to budgets and future acquisitions of real estates are appraised carefully to ensure increase in Hektar REIT's cash availability for distribution to Unitholders.

(b) No prior market for Units

Prior to the Public Offering, there has been no public market for the Units. There can be no assurance that an active market for the Units will develop upon the Listing or, if it develops, that such a market will be sustained. There is also no assurance that the market price of the Units will not decline below the Final Retail Price. The market price of the Units could be subject to significant fluctuations due to various external factors and events, including the liquidity of the Units in the market, the general market conditions, the property industry and broad market fluctuations.

It may be difficult to assess Hektar REIT's performance against either domestic or international benchmarks. There can be no assurance that an active market for REITs will develop in Malaysia.

4. RISK FACTORS (Cont'd)

(c) Market price of Units after the Public Offering

The Final Retail Price may not be indicative of the market price of the Units after completion of the Public Offering. The market price of the Units after the Public Offering may trade at prices below the Final Retail Price.

The market price of the Units after the Public Offering will depend on many factors including:

- (i) the perceived prospects of Hektar REIT's business and investments and Malaysia's requirements for shopping malls and retail outlets;
- (ii) significant differences between Hektar REIT's audited financial results and those set out in Section 15 of this Prospectus;
- (iii) analysts' recommendations or projections;
- (iv) interest rates;
- (v) yield on risk-free securities, alternative investments or savings instruments;
- (vi) liquidity of the Units;
- (vii) market value of Hektar REIT's assets;
- (viii) the future size and liquidity of the Malaysian REIT market; and
- (ix) market sentiment.

(d) No redemption of Units

Unitholders have no right to request us to redeem their Units while the Units are listed on Bursa Securities and not suspended for more than ninety (90) consecutive Market Days. It is intended that Unitholders may only deal in their listed Units through trading on Bursa Securities.

(e) Future dilution of the NAV of the Units

The Deed provides that we shall determine the unit price of any new issues of Units based on market-based principles, i.e. the issue price of new Units may be at or below the then current NAV of Hektar REIT. In the event that new Units are issued at less than NAV, the NAV of existing Units may be diluted.

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4. RISK FACTORS (Cont'd)

(f) Failure or delay in the Listing

The Listing is exposed to the risk that it may fail or be delayed should the following events occur:

- (i) the Underwriters exercise their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder; or
- (ii) the gross proceeds of less than RM176.085 million being raised; or
- (iii) the Fund is unable to meet the public spread requirement of at least 25% of the Offer Units of the Fund being held by a minimum of 1,000 public Unitholders holding not less than 100 Units each; or
- (iv) the failure or delay in the fulfillment of any condition precedent as set out in the SPA.

(g) Effects of possible sale of a substantial number of Units by Vendors

Following the Public Offering, Hektar REIT will have 320,001,000 Units listed on the Main Board of Bursa Securities, of which 160,500,000 Units will be held by HBSB and HPSB, the Vendors of Subject Properties respectively. These Units, which form part of the purchase consideration for the Subject Properties, are not subject to any moratorium period.

If the Vendors sell or are perceived as intending to sell a substantial amount of Units, the market price of the Units may be adversely affected.

(h) Taxation

REIT is exempted from tax on income distributed to unitholders in the same basis period in order to intensify efforts to convert illiquid assets into liquid assets, thereby enabling real estate companies to utilise the income from the sale of existing real estate for the development of new projects. In the recent Malaysia 2007 Budget announcement on the taxation of REIT, it was proposed that the total income of a REIT will be exempted from income tax provided 90% or more of its total income is distributed to unitholders. If less than 90% of its total income is distributed, the portion of its total income that is not distributed to unitholders will be subject to income tax. This is effective from year of assessment 2007 onwards.

The tax treatment granted allows Malaysian tax resident individuals or Malaysian tax resident incorporated companies to receive their distributions free of tax deducted at source but taxed subsequently at their prevailing income tax rates on such income. For non-resident unitholders, the tax payable at 28% will be withheld by the REIT. However, the recent Malaysia 2007 Budget announcement proposed that the corporate tax rate be reduced to 27% for year of assessment 2007. It was further proposed for a withholding tax mechanism in respect of distributions by a REIT and a reduction of tax rates on distributions for year of assessment 2007 wherein resident and non-resident individuals and non-corporate unitholders be taxed at 15%, non-resident corporates be taxed at 27%, resident institutional investors be taxed at 15% and non-resident institutional investors be taxed at 20%.

However, the tax ruling introduced, either in part or in a whole, may be revoked or amended in the future.

4. RISK FACTORS (Cont'd)

(i) Profit forecast and projections and forward-looking statements

This Prospectus contains profit forecast and projections prepared by the Board that are based on assumptions which are deemed to be reasonable at this point in time. However, there can be no assurance that the profit forecast and projections contained herein will be realised. As the actual results may be materially differ from those forecast and projections, you are advised to read and understand the assumptions and uncertainties underlying the profit forecast and projections.

In addition, certain forward-looking statements regarding the Fund are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. The inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by our advisers or us that the plans and objectives of the Fund will be achieved.

(j) Distribution forecast and projections

The distributions forecast and projections have been prepared based on assumptions, which are deemed by our directors to be reasonable at this point in time. However, there can be no assurance that the actual distribution to Unitholders will be the same as the forecast and projected distributable income presented in this Prospectus.

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5. INTRODUCTION TO REIT

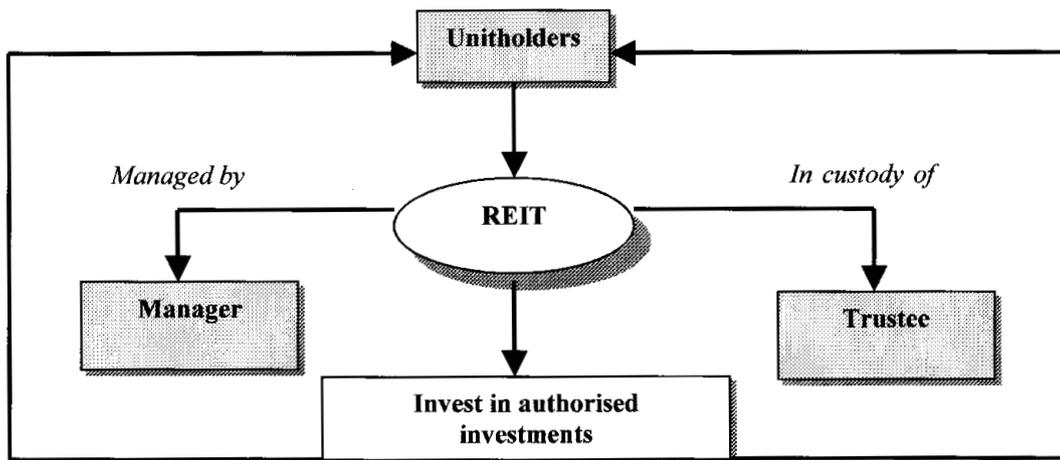
This section of the Prospectus represents only an introduction to REITs in general. This section does not purport to identify or suggest all REITs are associated with the same risks and benefits (which may not be exhaustive), as highlighted herein. Therefore, you should read and understand the full text of this Prospectus, in particular, Section 5.5 of this Prospectus before deciding to invest in the Offer Units.

5.1 Overview of REIT

A REIT is a collective investment scheme where funds from investors are pooled and invested towards a specified goal as set out in the investment objective of the fund. In addition, a REIT is a fund that invests (via funds raised from investors) in a portfolio of Real Estate Assets or real estate-related assets. These Real Estate Assets generate income from rent collected from tenants, which is then, net of expenses, distributed to investors at regular intervals.

A REIT is constituted by a deed entered into between the manager and the trustee. The deed sets out the manner in which the REIT or scheme is to be administered, the valuation and pricing of units, the keeping of proper accounts and records, the collection and distribution of income, the rights of unitholders, the duties and responsibilities of the manager and trustee with regard to the operations of the scheme, and the protection of unitholders' interests.

The tripartite relationship between the manager, the trustee and the unitholders in a REIT is illustrated below:



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5. INTRODUCTION TO REIT (Cont'd)

A brief description of the parties in a REIT is as follows:

The manager:

The manager is appointed to manage and administer the REIT in accordance with the objectives and investment policy of the REIT. The manager is obliged to administer the REIT in accordance with the deed, the SCA and SC Guidelines on REITs, and to administer the REIT in an efficient and proper manner that will ensure high standards of integrity and fair dealing in managing the REIT to the interest of unitholders, to exercise due care, skill and diligence as well as effectively employ the resources and procedures necessary for the proper performance of the REIT.

The trustee:

The trustee is appointed for the unitholders and acts as the custodian for all the assets of the REIT. The trustee, therefore, must act to ensure that the manager adheres strictly to the provisions of the deed, particularly with regard to the creation of units, the exercise of investment powers of the REIT, collection and distribution of income, proper record keeping of administrative, investment and unitholders' transactions and in upholding unitholders' interests.

The unitholders:

The interest of a unitholder in the REIT is an equitable interest of a beneficiary of a trust, subject to the terms of the deed. Unitholders shall be entitled to receive the distributions of the fund and such other rights as provided in the deed.

Other relevant parties:

The property management company is appointed to manage the real estate assets of the REIT.

5.2 The Regulatory Framework

In Malaysia, REITs are governed and regulated by the SC. The SC is empowered to ensure compliance with the SCA and the SC Guidelines on REITs. The SCA and SC Guidelines on REITs govern the operation and administration of REITs and serve to protect the interest of unitholders and facilitate an orderly development of REITs. The trustee and the manager including its officers and directors, must comply with the SCA, SC Guidelines on REITs and all other relevant laws and requirements.

A REIT is also governed by the deed, which incorporates the covenants required under the SCA and the SC Guidelines on REITs.

The appointments of the manager, including its CEO and directors, and the trustee are subject to the approval of the SC.

5.3 Benefits Of Investing In REIT

(a) Diversification

In addition to other available investible securities and instruments, a REIT enables investors to further diversify their investments by providing them the opportunity to pool their resources for the purchase of a diversified portfolio of authorised investments in real estate or real estate related assets. Further, investors in a REIT can usually access a broader range of real estate than they could invest on their own.

5. INTRODUCTION TO REIT (Cont'd)

(b) Liquidity

In a listed REIT, units are generally readily convertible into cash as they are traded on a stock exchange and investors may purchase additional units or dispose all or part of their units on any market day on the stock exchange.

(c) Affordability

REIT allows investors to participate in the real estate market via investment in units of the REIT, which requires a smaller capital outlay relative to purchasing similar real estate on their own.

(d) Long run inflation hedge

REIT may provide a hedge against inflation as when inflation rises, the value of real estate and real estate securities may increase.

(e) Stable returns

REIT typically has relatively stable cash flows since almost all of its revenue is generated by rentals under the terms of lease agreements with its tenants. These agreements are typically for specific durations, and may be subject to tenancy extensions.

(f) Professional management

REIT provides investors an opportunity to invest in real estate that is managed by experienced and professional persons.

(g) Potential capital appreciation

In addition to distributing income at regular intervals, REIT also provides an opportunity for capital appreciation via any increase in the values of real estate held in its portfolio. In the case of a listed REIT, the unit price may appreciate subject to macroeconomics conditions, stock exchange sentiments and fund performance.

(h) Ownership of large investment grade real estate

Subject to the quality of the real estate, investors in a REIT are essentially akin to holding stakes in large investment grade real estate, which may otherwise have been impossible for a retail investor.

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5. INTRODUCTION TO REIT *(Cont'd)*

5.4 Risks Of Investing In REIT

REIT is exposed to a variety of risks associated with investments of, management of, and returns from the REITs.

(a) **General risk**

➤ **Economic, political and regulatory risks**

The performance of the real estate industry is closely linked to the economic environment. Any adverse developments in the political and economic environment and uncertainties in Malaysia can materially and adversely affect the property industry and hence the financial performance of the REIT. These include the risks of war, global economic downturn and unfavourable changes in the Government's policy such as changes in laws, government incentives and taxation, introduction of new regulations, or changes in existing regulations.

➤ **Fund management risk**

There is a risk that the manager may not adhere to the investment mandate of the REIT. Poor management of the REIT may jeopardise the investment of unitholders through loss of their capital invested.

In addition, the selection of real estate, which makes up the assets of the REIT is a subjective process. Real estate selected by the manager may yield a higher or lower return than the overall real estate market.

➤ **Loans financing risk**

Investors who take end-financing loans to finance the purchase of units in REITs must be prepared to accept risks, such as being forced to provide additional funds to top up their loan margin account when the price of units goes down, or suffer the higher cost of financing when interest rates trend upwards. In addition, the returns on REITs are not guaranteed and may not be earned evenly over time.

➤ **Risk of non-compliance**

There is the risk that the manager and others associated with the fund will not comply with the deed of the fund, the law that governs the fund, or the internal policies, procedures and controls, all of which may affect the investment of unitholders.

(b) **Investment risk**

➤ **Dividend distribution not guaranteed**

The net operating profit earned by a REIT depends on, amongst others, the amount of rental income received, and the level of property, operating and other expenses incurred. If real estate owned by a REIT does not generate sufficient net operating profit and cash flow, the REIT's ability to make dividend distributions will be adversely affected.

➤ **Capital market risk**

The unit price of a listed REIT is subject to the volatility as well as the liquidity of the equity market. The equity market is influenced by many factors, such as economic conditions, interest rates, capital flows, market sentiment, as well as monetary and fiscal policies.

➤ **Risk associated with borrowings**

Significant fluctuations in interest rates may have an adverse impact on the financial performance of REIT and may lower income distribution to unitholders. There is an inverse correlation between the interest rates and the distributable income to unitholders.

➤ **Insurance risk**

Real estate held by REIT could suffer physical damage caused by fire, flood, earthquake or other causes, resulting in losses (including loss of rent), which may not be fully compensated by insurance. In addition, certain types of risks (such as war and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive. There is no assurance that the proceeds from insurance will cover losses suffered adequately.

➤ **Risk relating to investments in real estate**

The yields of the real estate may be adversely affected by a number of factors, such as:

- (a) vacancies following expiry or termination of leases that lead to reduced occupancy rates which reduce the REIT's income;
- (b) the manager's ability to provide adequate management and maintenance services;
- (c) inadequacy of insurance cover for the real estate;
- (d) the risk of tenants defaulting on their rental payments as well as any compensation for any early termination;
- (e) changes in tax regulations;
- (f) the terms on which lease renewals and new leases are agreed being less favourable than existing leases;
- (g) poor cost control resulting in higher operating and other expenses without a corresponding increase in revenue;
- (h) unexpected expenses incurred due to changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies and defects affecting the real estate which need to be rectified, leading to unforeseen capital expenditure;
- (i) amendment or revocation of the present tax incentives for REIT; and
- (j) competition for tenants from other real estate, which may affect rental levels and occupancy rates.

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➤ **Risk relating to investment in other authorised investments**

Subject to the investment limits prescribed by the SC for the time being, apart from real estate, REIT is permitted to invest in any of the following:

- (a) single-purpose companies;
- (b) real estate related assets;
- (c) liquid assets;
- (d) non-real estate related assets; and
- (e) asset backed securities.

Where REIT invests in stock market related investments, the following risks become key considerations:

➤ **Market risks**

Stock prices may fluctuate in response to activities of the individual companies, general market sentiment, economic conditions and political and social environment. Such fluctuations in the investment portfolio will cause the NAV of the REIT to fall as well as rise, and may similarly affect the price of units.

➤ **Particular stock risk**

Any major price fluctuations of a particular stock invested by the REIT may affect its NAV and thus impact (adversely or favourably) on its unit prices. This impact may, however, be minimised through the process of portfolio diversification by the manager.

➤ **Liquidity risk**

If a REIT has a large portfolio of stocks that are illiquid, such stocks may be sold at a discount to its fair value, hence affecting the value of the REIT. The liquidity risk may be minimised through the process of stock selection and portfolio diversification by the manager.

Where REIT invests in debt-related investments, the following risks become key considerations:

➤ **Interest rate risk**

Generally bond prices and interest rates move inversely. If interest rate rise and bond (or bond fund) prices fall, the value of investment will be lower and the NAV of the REIT will be reduced.

➤ **Credit risk**

In the event the offeror of the debt instrument is unable to make timely payment of interest and principal, the value of the debt instrument may reduce accordingly, thereby reducing the NAV of the REIT.

5. INTRODUCTION TO REIT (Cont'd)

5.5 Comparison With Other Forms Of Investments

All investments carry some form of risk-return trade-off. Some of the investment alternatives are as follows:

Cash and fixed deposits

Fixed deposits generally provide a fixed rate of return and can provide a stable stream of income. The range of deposit products available is quite extensive, ranging from simple overnight deposits at a cash rate, to more long term, structured deposits, like a two-year fixed deposit. Whilst deposits with a licensed financial institution can be considered almost risk free, there still exists a risk of default. Cash and fixed deposits do not present any opportunity for capital gain, and depending on the inflation rate, may not provide a positive real return.

Investment in bonds

Investment in bonds generally provides a fixed rate of return and can provide a stable stream of interest income. Bond prices move inversely to its yield to maturity. Bond investors are subject to a number of risks, including credit risk and interest rate risk. Bonds are generally less risky than shares but riskier than cash or fixed deposits.

Direct investment in real estate

Investments in real estate can provide a regular and stable stream of income and capital gains. However, such investment typically requires a large capital outlay, and is therefore generally available only to high net worth individuals, corporations or institutions. Movements in real estate prices can be cyclical and depending on the timing of the investment, can result in capital losses. Large capital outlays also limit the ability to diversify risk. Further, investments in real estate are generally less liquid than investments in marketable shares or bonds and may be difficult to exit in a timely manner.

Investment in shares

Investment in shares is subject to market risk and specific risks associated with a company or business and may result in either capital gains or losses. Share prices can be volatile and may not always reflect the fundamental value of a company. Investment in shares may or may not provide a regular stream of dividends. Shares are generally more risky than bonds or fixed deposits.

Financial derivative products

Financial derivative products are used to manage investors' exposure to unexpected price fluctuations in, amongst others, the commodity, equity and bond markets, and derives its value from an underlying instrument such as interest rates, indices and share prices. As these underlying instruments can be volatile at times, this form of investment has very high investment risks. Financial derivative products can also provide an avenue to earn very high returns (losses) without large capital outlays.

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5. INTRODUCTION TO REIT (Cont'd)

In summary, risk and return comparison for the various investments may be summarised in the table below. Please note that the table is provided for illustrative purposes only and represents generalisations for each of the asset types. There may exist specific investments in each asset type which may provide for a different risk / return profile as suggested in this table.

Types of investment	Risk level	Expected return level
Cash	Low	Low
Fixed deposits	↓	↓
Bonds		
REITs		
Direct investment in real estate		
Investment in shares	High	High
Financial derivative products	High	High

5.6 Investor Profile

Investment in REITs is generally less risky than direct investments in real estate, investments in shares and investments in financial derivatives. Investments in REITs are generally riskier than investments in bonds or fixed deposits. REITs may appeal to a conservative to moderate investor with a long-term investment horizon who seeks regular distribution of income and long-term capital growth.

Hektar REIT is best suited for you if you are an investor that meets the following criteria:

- (a) have funds but do not have the time or expertise to find, select, negotiate, purchase and manage profitable properties;
- (b) have limited resources to finance the purchase of a whole property investment;
- (c) intend to seek capital growth on a spread of real estate assets;
- (d) wish to obtain higher yields investment compared to commercial fixed deposits;
- (e) wish to diversify investment in a REIT which focuses on retail and/or shopping centres; and
- (f) do not wish to hedge erosion of monetary value by inflation without some measure of capital appreciation whilst retaining reliable and ready access to capital.

5.7 Performance Indicators And Benchmarks

In general, the Kuala Lumpur Composite Index is the most widely followed and used for performance benchmarking for listed securities. The Kuala Lumpur Composite Index is deemed an appropriate indicator and benchmark for evaluating performance of listed REITs as it is readily available to most investors and generally the preferred benchmark for all Malaysian-centric equity funds. In addition, the EMAS Index, which indicates the overall performance of listed companies on the Main Board of Bursa Securities and property sector index, would also be practical for the same.

To obtain the latest information on the said indices, investors may refer to the Bursa Securities website, www.bursamalaysia.com under Market Information Section. Other pertinent information such as daily stocks performance by sectors and individual counter can also be obtained.

5. INTRODUCTION TO REIT (Cont'd)

In addition, investors must consider and familiarise themselves with the following performance indicators of REITs:

- (i) **Management expense ratio or MER:** the ratio of the fees related to the management of the REIT to the NAV of the fund. These expenses include the annual management fee, the annual trustee fee, valuation and auditor's fees and the costs of printing, stationery and postage but exclude property operating expenses such as quit rent and assessment, general property maintenance etc. The MER is an important factor to be considered in choosing a REIT for investment, as the annual expenses of managing the REIT would normally take up a substantial portion of its gross income. Hence, MER allows you to make comparisons on the expenses incurred by other REITs in assessing whether such expenses of a particular REIT are excessive.
- (ii) **Distribution yield:** the ratio of the distribution paid to unitholders from the REIT's income to the price paid for the units of the REIT.
- (iii) **NAV:** the net asset value of a company's assets, including but not limited to its properties, after subtracting all its liabilities and obligations.
- (iv) **Total returns:** computed based on the actual gross income distribution and the net change in the weighted average market price for the year, over the weighted average market price of the REIT for the respective year.

5.8 Fees And Charges

5.8.1 Fees and charges payable by the unitholders

So long as the units are listed, an investor or unitholder would directly incur the usual costs related to the trading of units on Bursa Securities, such as brokerage fee, clearing fee and stamp duty.

For further information on the charges you may incur from the trading of units on Bursa Securities, you may refer to its website at www.bursamalaysia.com.

5.8.2 Fees and expenses that a REIT may incur

The table below describes the fees and expenses that a REIT would incur:-

Manager's fee	The REIT manager receives this fee for managing the REIT.
Trustee's fee	The trustee receives this fee for acting as trustee and for safeguarding the interests of the unitholders.
Property management company's fee	The property management company receives this fee for managing the REIT's properties. This fee is based on a certain graduated scale as provided in the VAEA Act.

5. INTRODUCTION TO REIT (Cont'd)

Other fund expenses

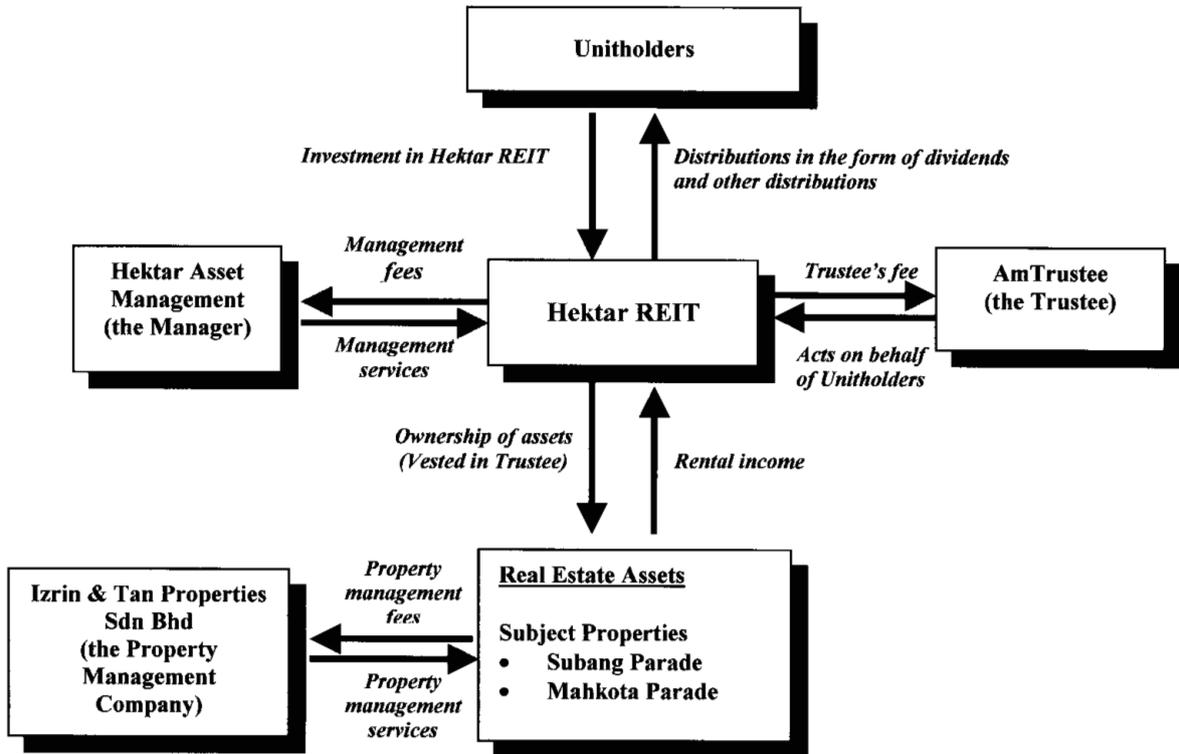
The REIT will bear all property operating expenses, including auditors' fees and expenses, fees for the valuation of any investments, taxation, adviser's fees and expenses as well as administration expenses.

Administration expenses include costs incurred for the convening of any unitholder's meeting, as well as the preparation of the deed and any report pertaining to the REIT to the unitholders. A listed REIT also bears all expenses relating to the listing exercise, which includes the underwriting commission, placement fees, brokerage, stamp duty (if any) and registration fees in respect of units offered pursuant to the public offering.

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6. STRUCTURE OF HEKTAR REIT

The following diagram illustrates the relationships between Hektar REIT, the Manager, the Property Management Company, the Trustee and the Unitholders:



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7. INVESTMENT STRATEGIES

7.1 Investment Objectives

Our principal investment objective is to invest in income-producing real estate in Malaysia, which is primarily used for retail purposes. We also intend to provide Unitholders with a secure income distribution and to enhance the long-term value of the Fund. Our mandate is to manage Hektar REIT under the following guidelines:

- Invest and manage real estate assets predominantly involved in retail and/or shopping centres;
- Acquire and manage future assets which are income-producing properties or possess significant potential for income growth;
- Focus on investing under a long-term investment horizon;
- Manage and continue to extract synergies and efficiencies from the existing portfolio; and
- Finance operations and investments under a conservative but conducive capital structure.

Should there be any material changes to the primary investment objectives of the Fund, the prior approval of the Unitholders is required by way of a resolution of not less than two-thirds (2/3) of all Unitholders, given (or such other majority as may be required under the SC Guidelines on REITs) at a meeting duly convened and held.

7.2 Investment And Business Strategies

We aim to achieve Hektar REIT's primary objectives of sustainable growth by seeking opportunities to acquire quality retail real estate to diversify the earnings base and to enjoy economies of scale.

In achieving our investment objectives, we have the following business strategies in place:

- Portfolio strategy;
- Investment strategy; and
- Capital Management strategy.

7.2.1 Portfolio strategy

Portfolio strategy or operating strategy, involves the optimization of the financial performance on the Subject Properties to achieve optimal returns through the combination of increasing gross revenue and minimizing operating expenses to generate organic or internal growth. Hektar Group has developed a framework known as the 'Hektar Retail Management System', which is benchmarked against international best practices and covers the activities as described below.

(a) Consumer-Focused Tenant Mix

- We will ensure the relevance of the Subject Properties tenant mix and amenities to its respective customer base. We will periodically perform studies of the consumers within the Subject Properties' surrounding trade area. The overall trade area can be segmented into primary, secondary and tertiary trade areas, where the primary trade area usually refers to the immediate population catchments within an arbitrarily defined commute and the latter trade areas refer to trade areas outside of this first area. The research of the trade area, or the catchment analysis, involves the study of demography and consumer trends within a five (5) to twenty (20) kilometres concentric radius of the Subject Properties and involves a variety of other surveys including exit surveys, household interviews and focus groups;

7. INVESTMENT STRATEGIES (Cont'd)

- We will periodically study and analyse the traffic Footfall report, competitive review of competing shopping centres and third-party market research on consumer trends, as they pertain to the Subject Properties' market position; and
- These studies and their various analyses allow us to review the respective Subject Properties' tenant, trade sector and diversity mix and assist us in refining the overall tenant mix strategy, including gap assessments, strength, weaknesses, opportunities and threats. The analysis also provide guidance to us on issues such as tenant selection or rejection, tenant re-zoning and relocation, marketing activities, asset enhancement initiatives and so on.

(b) Active Leasing

- We aim to maximise occupancy, minimise vacancy allowance, mitigate rent arrears risk and maintain occupancy rental rate growth;
- We will employ a leasing review system designed to assist management decision-making in leasing activities. The leasing review involves analysis of the tenants' credit-worthiness, business plan, projections review, concept and layout review, occupancy costs, history of turnover performance and so forth;
- We will also include input from the tenant mix review, market conditions and competition review to assist the leasing managers in determining rental rate pricing and other conditions, with a holistic perspective of the contribution of each tenant. In certain cases, tenants with multiple brands or in multiple locations are offered 'bulk' leasing arrangements or other mutually-beneficial provisions; and
- As per typical practices in Malaysia, tenancy rates are fixed in advance for the tenure of the tenancy term, with the typical term extending to three (3) years. We will ensure rent reviews and negotiations are opened prior to the expiry of the lease, or typically within six (6) months of tenancy expiry.

(c) Leasing Provisions – Step-Up and Turnover Rent

- As part of our tenancies, we will introduce and negotiate for step-up provisions, which include a negotiated fixed quantum base rent increase at specified periods over the tenancy term, usually every year. This can ensure that the tenant pays an increasing rent over the term of the tenancy agreement and overall, provides the Subject Properties with gradual increases in rental income; and
- In addition, we will introduce and negotiate for a Turnover Rent provision in the tenancy agreement in addition to the base rent. The Turnover Rent is typically fixing a percentage of a tenant's monthly or periodic sales turnover, usually with a specified sales threshold, also known as the break-even point. This will require that the tenant provide monthly turnover sales reports. Turnover rent reporting is an effective real-time management tool in gauging tenant performance, market conditions and future rent reviews. Turnover rent reports allow us to measure an individual retailer's performance across its category, against its peers or against the industry averages. It also aligns our interests with the interests of the tenant, as we are motivated to improve a tenant's turnover, which may lead to Turnover Rent being paid to the Fund. This may come in the form of various opportunities, including promotional and cross-promotional marketing events, which may increase sales of the target tenants. Implementing Turnover Rent may take many years, as it requires conversion of all existing tenancy agreements. The competitive advantage of Turnover Rent is that successful implementation allows us the opportunity of increasing our rental income without increasing base rental rates.

7. INVESTMENT STRATEGIES (Cont'd)

(d) Tenant Coordination Services

- We recognise tenants as partners and consider strong tenant relationships as a key attribute towards building a successful shopping centre in the long term;
- We will devise a set of tenant coordination strategies designed to promote tenants' interests and ultimately the Subject Properties, over the long term. These tenant support services include but are not necessarily limited to training, education on service standards and finance;
- The leasing process requires us to review the concept and business of the tenant. This may include reviewing the retailer's store layout, fixtures, lighting and overall ambience. Our engagement aims to ensure that the tenant concept and business is aligned with the overall shopping centre concept and that the tenant's offerings contribute synergistically to the tenant mix;
- We will continue to review the tenant's performance by site inspection and through the analysis of Turnover Rent reporting by the tenant, if applicable, which over a sustained period of time provides us with a trend perspective on a tenant's performance;
- From time to time, we will offer consultation and advice to tenants to improve their performance or we may adopt mutually-beneficial promotion and marketing campaigns which may tie in with the tenant's offerings; and
- In cases of an under performing tenant, we may negotiate to take back the retailer space and re-tenant it to new retailers.

(e) Retailer Relationships

- We recognise that refreshing the tenant mix is an important element in maintaining the consumer relevancy of our shopping centres over time. We will continue to establish relationships with over six hundred (600) national and international retailers and will constantly look for retailers, nationally and worldwide, with innovative and different retailing concepts; and
- We will maintain an open door policy to third parties and franchise agents to collaborate on new retailing concepts.

(f) Asset Enhancement

- We will adopt a policy of continuous improvement in the Subject Properties and actively assess opportunities for asset enhancement which may range from rehabilitation (restoration to original state) to refurbishment (modernization or reconfiguration to original plan);
- Typical asset enhancement projects include the creation of additional or new rental space from common areas, the reconfiguration of large, low-yielding lots and spaces into smaller, higher yielding lots or the refurbishment of lot space to provide for desired amenities. Asset enhancement also includes tenant relocation to facilitate improvements in customer traffic distribution throughout the property or sector zoning to increase the trade segment appeal within the Subject Properties; and

7. INVESTMENT STRATEGIES (Cont'd)

- In our periodic review of tenant mix, tenant performance and other analyses, we will assess tenant and consumer needs and look for areas within the Subject Properties with the potential for refurbishment. Our initiatives will be rationalised to include return-on-investment and sensitivity analysis to ensure a higher probability of financial benefit to the Subject Properties.

(g) Marketing

- We will plan and conduct a marketing campaign to improve the Subject Properties' profile, brand, customer traffic and tenant turnover;
- We will develop customised marketing plans for each of the Subject Properties to reflect the respective Subject Properties' trade area, tenant mix and specific market characteristics;
- These marketing plans may include promotional activities such as product exhibitions, prize competitions, live entertainment, community events, charitable campaigns and special events. These activities will be conducted at periodic and seasonal times during the year to capture consumer attention during key seasons such as the school holidays or during festive seasons; and
- Overall marketing and promotional activities are measured by consumer traffic and tenants' monthly turnover reports to gauge effectiveness. The analysis and experiences of these marketing activities will be shared between the Subject Properties to facilitate marketing cost efficiencies and further improve effectiveness.

(h) Facilities Management

- We will employ a preventive maintenance approach to facilities management of the Subject Properties with the aim of detecting potential maintenance issues early. We will conduct analysis on the facilities overhead and inspect the overall infrastructure periodically; and
- We are committed to maintaining low operating expenses without compromising the quality of services, while scheduling preventive maintenance to extend the life expectancy of the equipment. Decisions to replace equipment are also factored by equipment condition, age, maintenance charges, future capacity requirements and future operating expenses. We also benefit from economics of scale through bulk purchasing of supplies in aggregate for the Subject Properties.

7.2.2 Investment strategy

Our investment strategy is to study the external investment opportunities with the potential to generate overall growth prospects or improvements of the long-term value of the Fund.

(a) Acquisitions

- We will actively study acquisition opportunities for shopping centres and properties designed primarily for retail purposes. We seek to acquire assets, which provide for yield accretion potential and for increasing the overall growth prospects of the Fund. The preferred holding period for investment properties is for the long term;
- The process for acquiring acquisition candidates would include but not be limited to, the identification of value-creation opportunities for the target property (potential asset enhancements), the analysis of forecast financials, the overall risk assessment and the impact analysis on the existing portfolio. The criteria for acquisitions candidates would include, but not be limited to:

7. INVESTMENT STRATEGIES (Cont'd)

- (i) Location characteristics and catchment potential;
 - (ii) Prospective net yield with the potential to exceed the Fund's weighted average cost of capital;
 - (iii) The facilities' condition and their specifications with respect to building and zoning codes as well as their value to replacement cost;
 - (iv) Occupancy and average rental rates relative to prevailing market conditions;
 - (v) Redevelopment potential and unutilised plot ratio;
 - (vi) Synergistic potential to the existing portfolio; and
 - (vii) Quality real estates, which are temporarily below, market value, which will result in NAV improvements within the medium to long-term periods.
- We will comply with the Deed and the SC Guidelines on REITs whereby the maximum level of debt of the Fund will not exceed 50% of the total asset value at the time the borrowing is incurred. Where required, we shall seek the approval of the Unitholders should the Fund require a level of debt which exceeds the maximum level as provided for under the SC Guidelines on REITs and the Deed; and
 - We intend to use a combination of debt and/or equity to fund future acquisitions. If it is appropriate and in compliance with the SC Guidelines on REITs, we may also adopt a hedging strategy to manage the risks associated with changes in interest rates relating to its borrowing. Borrowings can be in the form of bank borrowing or through the issuance of commercial papers/bonds where the Fund would then be rated.

(b) Cooperative Ventures

- We will capitalise on our relationship with the Hektar Group, whose entities are engaged in the development, investment and management of retail shopping centres in Malaysia. At the point of the Listing, the Vendors will collectively own approximately 50.1% of the total Units. HPSB and HBSB have granted Hektar REIT a five (5) year right of refusal from the date of listing to purchase all and any of the properties which meet the acquisitions investment criteria as set out in 7.2.2 (a) above, which are owned or intended to be sold by HPSB and HBSB, provided that we remain as the Manager of the Hektar REIT during the entire five (5) year period after the date of Listing and HPSB and HBSB collectively hold a total unitholding of at least 50% in Hektar REIT.
- We may form cooperative arrangements with developers and asset management companies with interests in shopping centres and/or properties with retail components. Leveraging on our experiences in shopping centre investment, we will be in a position to provide guidance to developers or asset managers for new shopping centre development or redevelopment. This activity may result in additional acquisition deal flow or conditional rights for the Fund, but does not bind the Fund to acquire any property.

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(c) Divestments

- We intend to hold the Subject Properties and assets for the long-term. From time to time, we may contemplate divestment of an asset or property should we decide that a property has matured to a stage where growth prospects are limited and will consider a sale if the then present market condition are conducive;
- We will also take into consideration factors, including but not limited to, whether other compelling acquisition opportunities exist which provide the Fund with the potential for long-term growth or whether the divestment disbursements provide the most optimal cost of capital than other channels and whether the short-term impact of the divestment will be adversely affect the Fund; and
- If the event of a divestment, we may use the portion of the proceeds to invest in new real estate or other acquisitions with better yields and growth potential. The remaining portion of the proceeds attributable to the capital gains due to the disposal may be distributed to the Unitholders.

7.2.3 Capital Management Strategy

Our capital management Strategy is to provide funding for the Fund's operations and investments under an optimal structure and cost of capital.

(a) Strategic Institutional Support

- We will endeavour to solicit strategic institutional investors to participate as equity partners within the Fund;
- We will also identify strategic investors and related companies to be actively or passively involved in real estate investment in a manner which is complementary to us or the Group's activities, which may include financing activities throughout the lifecycle of property development such as mezzanine, project finance or private equity; and
- Strategic institutional investors may support development activities of the Hektar Group, which may ultimately benefit the Fund by providing potential acquisition opportunities to the fund.

(b) Debt Gearing and Structure

- We aim at creating a debt structure which provides flexibility for the Fund in terms of funding operations, acquisitions, future capital expenditures and other liquidity requirements;
- As prescribed by the REIT Guidelines published by the SC, we will adopt and maintain a debt gearing level within the specific limits (currently at 50% of gross asset value and if required and as long as it may be favourable for the Fund's debt structure, we shall seek the approval of the Unitholders for a debt gearing level for levels which are above the current specified limits); and
- We will strive to structure a majority of the debt under fixed rate terms at the best prevailing market rate for long tenures and where possible, optimise on the security collateral, restrictive covenants and conditions. We will seek to diversify funding resources to reduce dependency on a single vendor, which may improve cost competitiveness.

7. INVESTMENT STRATEGIES (Cont'd)

(c) Risk Management

- We will adopt a proactive risk management review system to monitor market conditions and manage risks associated with changes of interest rates and other economic factors over the short to long term. The review would also track variable and total debt exposure of the Fund and monitor its respective variable and fixed debt exposure with respect to market conditions and its relative cost competitiveness. As part of the review process and if required, we will engage domestic and internationally-recognised rating agencies to qualify the Fund's obligations and exposure; and
- Where foreign-denominated obligations are involved, we will adopt a conservative hedging strategy to minimise foreign exchange exposure and fluctuations in foreign exchange rates.

7.3 Investment Policies

7.3.1 Investment limits and restrictions

As prescribed by the SC Guidelines on REITs, Hektar REIT's investments are limited to the following:

- (a) at least 75% of Hektar REIT's total assets shall be invested in real estate assets, real estate-related assets, single purpose companies or liquid assets;
- (b) at least 50% of Hektar REIT's total assets shall be invested in real estate assets or single purpose companies; and
- (c) the remaining 25% of Hektar REIT's total assets may be invested in other assets (i.e. real estate-related assets, non real estate-related assets or asset backed securities).

7.3.2 Authorised investments

Subject to the investments limits specified in Section 7.3.1 above, Hektar REIT may invest in any of the following:

- (a) Real estate (which is physical land and those human made items which are attached to the land) and including real estate which is being developed (to the extent permitted by the SC Guidelines on REITs);
- (b) Single-purpose companies being unlisted companies whose principal assets comprise real estate;
- (c) Real estate-related assets which include units of other REITs, listed securities of and issued by property companies, listed or unlisted debt securities of and issued by property companies and mortgage-backed securities;
- (d) Liquid assets which include cash, deposits with licensed institutions and/or other institutions licensed or approved to accept deposits, or any other instrument capable of being converted into cash within seven (7) days as approved by the Trustee;
- (e) Non-real estate-related assets being listed shares issued by non-property companies;
- (f) Asset-backed securities; and
- (g) Any other investment not covered by items (a) to (f) above but specified as a permissible investment in the SC Guidelines on REITs or otherwise permitted by the SC.

7. INVESTMENT STRATEGIES (Cont'd)

Hektar REIT invests primarily in strategically located properties tenanted to retail companies and will continue to look for opportunities in these type of properties.

The Fund may explore the investment opportunities in debt/equity instruments so as to diversify its investment portfolio. A qualified investment manager will then be engaged, where applicable, subject to the Trustee's approval and within any relevant regulatory guidelines.

The Real Estate Assets shall be revalued at least once every three (3) years from the last valuation date or as the SC Guidelines on REITs or other accounting regulations may stipulate. All valuations will be conducted on the bases and methods, which are in accordance with Asset Valuation Guidelines issued by the SC.

Upon completion of the Public Offering, the investment portfolio of Hektar REIT shall only consist of the Subject Properties.

In the event Hektar REIT diversifies its investment portfolio to other authorised investments (other than Real Estate Assets), the bases of valuation for such investment shall be carried out in accordance with the provisions of the Deed and the SC Guidelines on REITs.

7.4 Our Policy On Gearing And Minimum Liquid Asset

In accordance with the Deed and the SC Guidelines on REITs, the total borrowings of the Fund shall not exceed 50% of the total asset value of the Fund (or such other level permitted under the SC Guidelines on REITs from time to time) at the time the borrowings are incurred. However, the Fund's total borrowings may exceed this limit with the prior approval of the Unitholders. Hektar REIT will have an initial gearing level of 34.79% of total asset value upon completion of the Acquisitions. Please refer to Section 10.4 of this Prospectus for details on Hektar REIT's borrowings.

Financing strategy employed by us to manage the financing risks of Hektar REIT is disclosed under Section 7.2.2. For risks associated with bank borrowings, please refer to Section 4.1(b) of this Prospectus.

We will adhere to the SC Guidelines on REITs on the permitted and restricted investments in relation to liquid assets. Liquid assets will be held in the form of cash, deposits with licensed institutions and/or other institutions licensed or approved to accept deposits, or any other instrument capable of being converted into cash within seven (7) days as may be approved by the Trustee.

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8. DISTRIBUTION POLICY

Distribution Policy

The distribution policy of Hektar REIT is to distribute at least 90% of the distributable income to Unitholders in cash within two (2) months after the Fund's book closure date. Hektar REIT will distribute such distributable income on at least a semi-annual basis (or such other intervals as we may determine) to Unitholders, except for the first distribution which will be for the period from the commencement of the operation of Hektar REIT to 30 June 2007 and the final distribution which shall be on the date of termination of Hektar REIT.

Based on the forecasted earnings before taxation of approximately RM30.810 million for the thirteen (13) months financial period ending 31 December 2007, our directors anticipate that, in the absence of unforeseen circumstances, we will be in a position to distribute either RM30.810 million or 90% of the distributable income of Hektar REIT, whichever is higher, for the thirteen (13) months from the commencement of operation of Hektar REIT to 31 December 2007.

Barring any unforeseen circumstances, for FYE 2008 and FYE 2009, we intend to distribute RM28.829 million and RM29.713 million respectively or 90% of the distributable income of Hektar REIT, whichever is higher.

Any monies payable to a Unitholder pursuant to its entitlement of the Fund's distribution which remain unclaimed after a period of one (1) year shall be accumulated in a special account and lodged with the Registrar of Unclaimed Monies by the Trustee or us. The Trustee shall maintain a record of all unclaimed monies at its principal place of business in accordance with the provisions of the Unclaimed Monies Act, 1965.

In addition to the above, we may, pursuant to the Deed, purchase, sell or otherwise dispose of, reconstruct, exchange, vary, modify or otherwise change any investment forming part of the assets of the Fund in the interest of the Unitholders and it shall have the discretion on whether to reinvest or distribute the proceeds from any disposal of any assets of the Fund.

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9. SUBJECT PROPERTIES

The following section provides an overview on the Subject Properties and should be read in conjunction with the "Independent Market Research Report" in Appendix VI, "Investment Strategies" under Section 7 and "Risk Factors" under Section 4 in this Prospectus. All figures are approximations provided by HPSB and HBSB, unless otherwise qualified and general observations are made to the best knowledge of the Manager.

9.1 Subang Parade

9.1.1 Overview

Subang Parade was the first 'regional' shopping centre in Selangor when it was opened in 1988, offering half a million sq ft of retail space. The centre is constructed in Subang Jaya, a township located 15 minutes by car from Shah Alam and Petaling Jaya, 25 minutes from Kuala Lumpur and 45 minutes from Kuala Lumpur International Airport (KLIA).

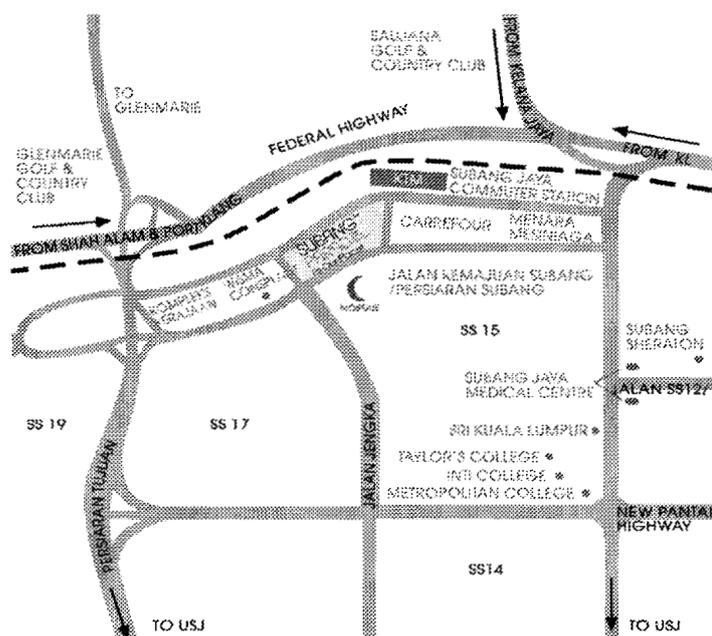


Figure: Map of Subang Parade, Subang Jaya

Subang Jaya is an established township with a wide array of amenities. The township was established in the mid-1970's and has matured into a middle to upper class residential neighbourhood. The residential sector is characterized mainly by terrace houses, semi-detached houses and bungalows, with a few apartments interspersed in between and recorded a population of 138,981 in the 2000 census or 39,528 households (source: Department of Statistics, Malaysia). This area forms the bulk of Subang Parade's primary trade area.

The area is well served by highways, in particular, the Federal Highway, Shah Alam Expressway, New Klang Valley Expressway and the New Pantai Expressway as well as an urban-suburban rail link, KTM Komuter. The commercial area features several modern multi-storey office buildings such as Menara Mesiniaga, Wisma Tractors, Wisma Consplant, hotels such as the Sheraton Subang and Holiday Villa and a hospital, the Subang Jaya Medical Centre. The area is also known as a centre for higher education with various well-known institutions such as Taylor's College, INTI College, Metropolitan College, Sunway University College, Monash University and SEGI College. Up and coming residential projects include the Saujana Residency, Jana Towers, Subang Avenue, E-tiara and Tiaraville. Other notable developments in the area include the Saujana Golf Club, located south along the old road to Subang Airport, the Saujana Hotel and the Hicom Glenmarie industrial park. The shopping centre is located in a prominent part of the commercial district of SS16, which is located just off the Federal Highway and approximately 25 kilometres from Kuala Lumpur. The property sits in the immediate vicinity of Wisma Consplant, Menara Mesiniaga and next to the Carrefour Hypermarket.

9. SUBJECT PROPERTIES (Cont'd)

The shopping centre was considered the longest mall in the Klang Valley at the time of its completion in 1988. Consequently, the centre is well known and regarded for its trademark walk ramps in between floors. The complex features 3 levels of retail space, 2 basement levels and 1,390 car park spaces. The trade area of the property extends to Subang Jaya and the adjacent townships of USJ, Shah Alam and Petaling Jaya. The primary trade area represents a population of over 705,000 within a 15-minute driving radius (source: *Independent Market Research Report by MIRP*).

Subang Parade is positioned as a one-stop centre for the middle to upper-income family. Given the demographics of its trade catchment area, the primary market segments are the 'young family' with 2 or 3 children, typically of middle-school age and the young working couples within the 25 to 39 age segment. The centre has targeted these segments with an appropriate tenant mix and promotional activities. Anchor and mini-anchor tenants such as Parkson, Toys 'R' Us, HSL Electrical & Electronics, MPH Bookstore, Digital One and Celebrity Fitness, well serve the 'young family' segment. The complex also features numerous food and beverage and food-related outlets, providing a unique variety of dining options.

Subang Parade's positioning strategy and tenant mix is community-focused within its primary trade area and receives the bulk of its visitors from its immediate vicinity. The emphasis on the end-consumer provides the centre with a captive consumer base, whose primary retail needs is driven by value, convenience and the proximity of the centre.

9.1.2 The Revenue, Property Operating Expenses and Net Property Income of Subang Parade

The table below depicts the revenue, property operating expenses and net property income of Subang Parade for the eight (8) months financial period ended 31 August 2006.

TABLE: Subang Parade, The Revenue, Property Operating Expenses and Net Property Income

	<i>RM'000</i>
Revenue	22,506
Property Operating Expenses	(7,217)
Net Property Income	<u>15,289</u>

9.1.3 Rental Rates of Subang Parade

The following table depicts the average rental rates of Subang Parade as of 30 September 2006.

TABLE: Subang Parade, Average Rental Rates (as of 30 September 2006)

Floor	Approximate net lettable area* (sq ft)	Approximate average monthly rental* (RM per sq ft)
Basement	21,361	2.40
Lower Ground	150,852	5.51
Ground	172,460	5.56
First Floor	150,908	3.11

Note:

* Including individual lots (comprising 26,872 sq ft) which have already been sold prior to the date of the SPAs.

See the "Independent Market Research Report" in the Appendix VI of this Prospectus for a general comparison of the aforesaid rental rates with other shopping centres in Kuala Lumpur and Selangor.

9. SUBJECT PROPERTIES (Cont'd)

9.1.4 Tenant Profile

- (a) **As of 30 September 2006, Subang Parade's NLA comprises 472,709 sq ft, leased out to 119 tenants**

As at 1 May 2006 (being the date of valuation by the Independent Property Valuer), Subang Parade's NLA comprises 472,077 sq ft. Since then, the centre's NLA has expanded to include the expansion of 2 existing lots and the addition of 1 new lot comprising a total NLA of 632 sq ft. As of 30 September 2006, Subang Parade had let out lots to 119 tenants.

- (b) **Subang Parade has achieved a high occupancy rate of approximately 98.5% as of 30 September 2006 and has received approximately 9.8 million visitors since 2005**

Subang Parade's initial occupancy rate at the time of HPSB's acquisition was 90.0% in July 2003. Since then, Subang Parade has achieved an occupancy rate in excess of the Malaysia and Selangor average occupancy rates for 2003 to 2005. As of 31 December 2004, the occupancy rate in Subang Parade declined to 93.4% as part of the HPSB's intermediate-term strategy of reconfiguring lots and relocating tenants, including the expansion of an existing basement parcel lot, which totaled 21,361 sq ft. The new lots were occupied and the majority of tenant relocations were completed in 2005.

The table and chart below depict the occupancy record from 31 December 2003 to 30 September 2006.

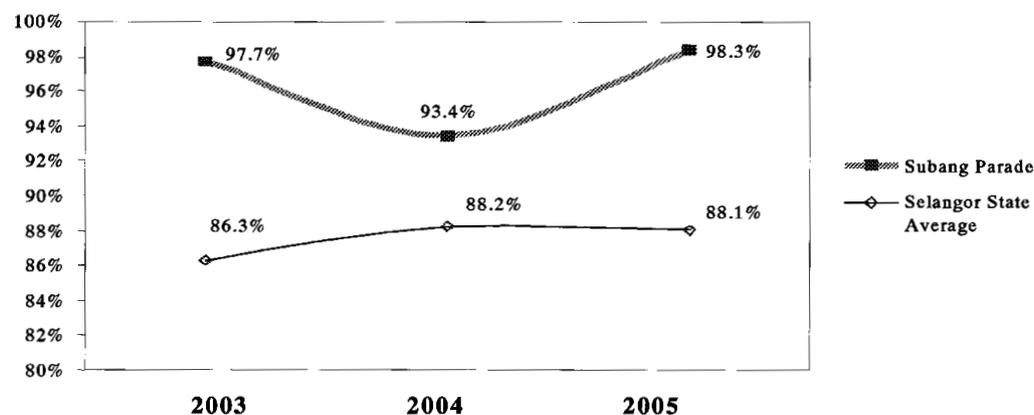
TABLE: Subang Parade, Average Occupancy Profile

Property	FYE 2003	FYE 2004	FYE 2005	As of 30 September 2006
Subang Parade	97.7%	93.4%	98.3%	98.5%
Average Shopping Centre Occupancy¹:				
In Malaysia	77.7%	80.1%	81.1%	-
In Selangor	86.3%	88.2%	88.1%	-

Note:

¹ Sources: Independent Market Research Report by MIRP

CHART: Subang Parade, Average Occupancy Profile 2003 – 2005



9. SUBJECT PROPERTIES (Cont'd)

Subang Parade tracks visitor traffic via Footfall, which is installed at 16 entrances throughout the centre. In 2005, the system recorded 5.7 million visitors or a weekly average of approximately 109,000 visitors to the centre. As of 30 September 2006, the system recorded 4.1 million visitors or a weekly average of 104,000 visitors – the slight shortfall attributed to the extensive refurbishment of the shopping centre as well as the anchor tenant Parkson from March 2006 to current.

(c) The top ten tenants contributed approximately 34.3% to monthly rental income

Subang Parade's anchor and mini-anchor tenants include leading brands in Malaysia such as Parkson and Toys 'R' Us. The largest tenant, department store anchor Parkson, took up 29.8% of total NLA and accounted for 15.6% of monthly rental income. The next nine (9) key tenants accounted for 18.7% of monthly rental income. Overall, the top ten tenants contributed approximately 34.3% monthly rental income while accounting for approximately 48.9% of total NLA.

The following table and chart sets out the contribution of the top ten tenants to Subang Parade.

TABLE: Subang Parade, Top Ten Tenants Profile (as of 30 September 2006)

Tenant	Trade Sector	Expiry Date	Total NLA (sq ft)	% of total NLA	% of total monthly rental income ¹
1 Parkson	Department Store	September 2008	140,620	29.8%	15.6%
2 Bata / Shoe Warehouse	Fashion	July 2007 and June 2008	4,597	1.0%	2.4%
3 Digital One	Electronics & IT	July 2008	21,361	4.5%	2.3%
4 Toys 'R' Us	Gifts / Books / Toys / Specialty	April 2007	21,981	4.6%	2.1%
5 Kenny Rogers Roasters	Food & Beverage	December 2006	3,610	0.8%	2.1%
6 The Reject Shop	Fashion	December 2007	9,192	1.9%	2.0%
7 TGI Friday's	Food & Beverage	October 2008	5,655	1.2%	2.0%
8 World Of Sports	Fashion	June 2007	5,769	1.2%	2.0%
9 Voir	Fashion	October 2007	4,387	0.9%	2.0%
10 Oversea Restaurant	Food & Beverage	January 2008	14,076	3.0%	1.8%
Top Ten Tenants by Total Monthly Rental Income			231,248	48.9%	34.3%
Other Tenants			241,461	51.1%	65.7%
Total			472,709	100.0%	100.0%

Note:

¹ Calculated over the base total monthly rental income per month for Subang Parade for September 2006.

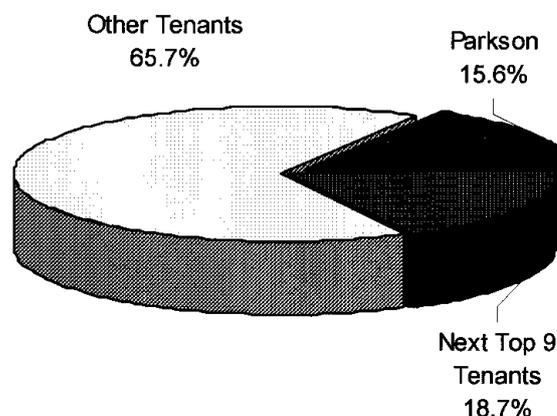
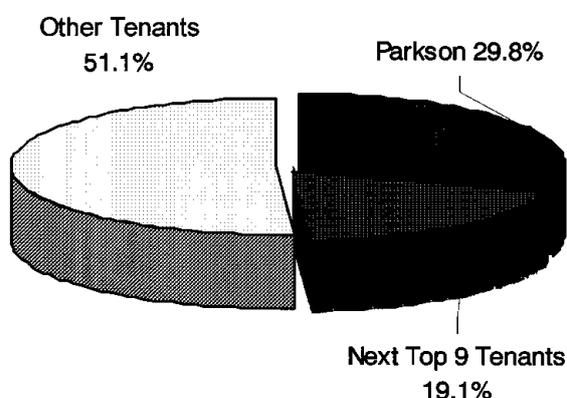
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9. SUBJECT PROPERTIES (Cont'd)

CHART: Subang Parade, Top Ten Tenants Profile (as of 30 September 2006)

BY NLA

BY RENTAL INCOME



(d) Subang Parade's tenant mix is diversified and not overly dependent on any trade sector

Subang Parade's tenant mix is diversified and not too dependent on any trade sector. The property's largest trade segment, fashion and footwear, accounted for 27.6% of total monthly rental income and 14.4% of total NLA. The next largest segment, food and beverage accounted for 22.3% of total monthly rental income and 14.8% of total NLA.

The following table and chart depicts the segmentation of Subang Parade's tenant mix by trade sector.

TABLE: Subang Parade, Tenant Segmentation by Trade Sector (as of 30 September 2006)

Trade Sector	% of Total NLA	% of total monthly rental income ¹
Fashion & Footwear	14.4%	27.6%
Food & Beverage / Food Court	14.8%	22.3%
Department Store / Supermarket	30.2%	15.6%
Gifts, Books, Toys, Specialty	12.0%	12.0%
Education / Services	5.4%	7.5%
Leisure & Entertainment, Sport & Fitness	9.3%	6.9%
Electronics & IT	9.9%	4.2%
Homewares & Furnishing	3.6%	3.2%
Others	0.4%	0.7%
Total	100.0%	100.0%

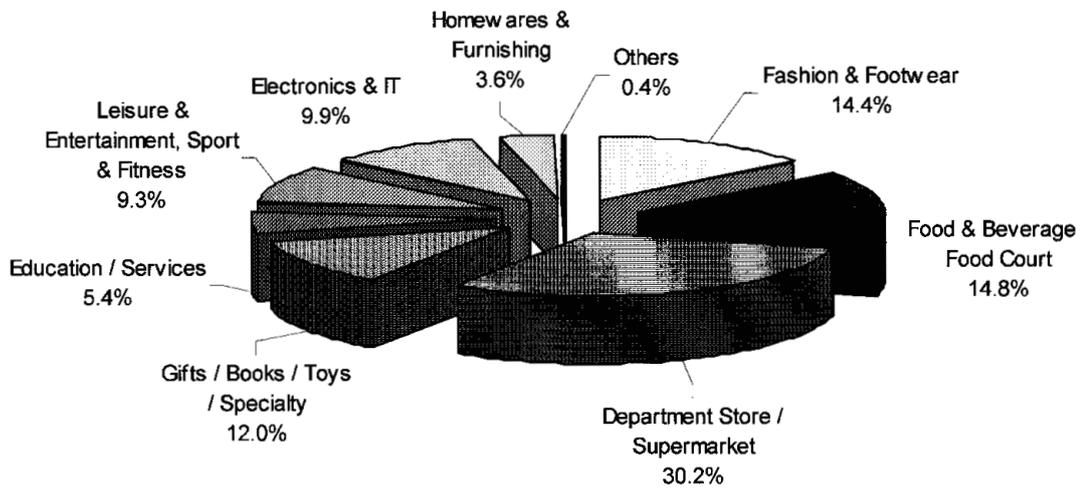
Note:

1 Calculated over the base total monthly rental income per month for Subang Parade for September 2006.

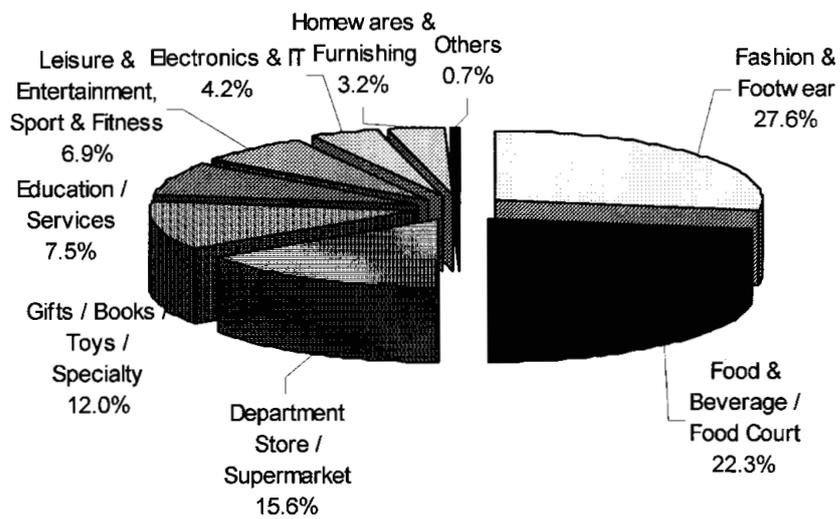
9. SUBJECT PROPERTIES (Cont'd)

CHART: Subang Parade, Tenant Segmentation by Trade Sector (as of 30 September 2006)

BY NLA



BY RENTAL INCOME



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9. SUBJECT PROPERTIES (Cont'd)

(e) Subang Parade's tenant mix features strong tenant brands

The majority of Subang Parade's tenants are international brands, franchises, national brands or chain store franchises. Single-store tenants within Subang Parade constituted approximately 14.3% of total tenancies and 7.5% of total NLA, while accounting for approximately 7.3% of total monthly rental income.

TABLE: Subang Parade, Tenant Segmentation by Brand Category (as of 30 September 2006)

Tenant Segmentation by	% of Total Tenancies	% of Total NLA	% of Total Monthly Rental Income ¹
International Brands / Franchises	35.3%	63.4%	54.7%
Chain or National Stores / Franchises	50.4%	29.1%	38.0%
Single-Store Tenants	14.3%	7.5%	7.3%
Total	100.0%	100.0%	100.0%

Note:

¹ Calculated over the base total monthly rental income per month for Subang Parade for September 2006.

(f) Subang Parade's tenancies includes a significant number of step-up and turnover rent provisions

Through HPSB's leasing efforts, Subang Parade has negotiated for step-up provisions and turnover rent provisions in its tenancy agreements. Step-up provisions provide for negotiated increases in base rent over the tenure of the tenancy. Turnover rent provisions provide for rent fixed at a percentage of the tenant's monthly sales, in excess of the base rent. Some tenancies contain both provisions while some tenants negotiate for either provision. Both provisions provide for potential financial benefits to the Fund. For more information on these provisions, see 'Investment Strategies' under Section 7 of this prospectus.

At the time of HPSB's acquisition of Subang Parade in end August 2003, there were no step-up or turnover rent provisions in the tenancy agreements.

As of 30 September 2006, the leasing department had achieved 56 step-up provisions and 109 turnover rent provisions among its tenancies. Consequently, approximately 47.1% of tenancies include increases in base rent over the tenure of the agreement. Approximately 91.6% of tenancies will report their monthly turnover figures to the Manager.

TABLE: Subang Parade, Step-Up and Turnover Provisions (as of 30 September 2006)

Tenancy Provision	No. of Tenancies	% of Total Tenancies
Step-Up	56	47.1%
Straight	63	52.9%
Total	119	100.0%

9. SUBJECT PROPERTIES (Cont'd)

Tenancy Provision	No. of Tenancies	% of Total Tenancies
Turnover Rent	109	91.6%
No Turnover Rent	10	8.4%
Total	119	100.0%

9.1.5 Tenancy Expiries & Renewals

As per the typical practice in Malaysia, retail tenancy periods last for 3 years. Consequently, the Subject Properties are exposed to a substantial portion of tenancy expiries on an annual basis. Typically, retail tenancies take the form of rollover or renewed 3-year tenancies. The table below represents historical data on expired tenancies and their renewal statistics.

(a) Subang Parade has enjoyed a high renewal rate of approximately 69% of its tenancies

In total, from January 2004 to 30 September 2006, 76 out of a total 110 expired tenancies were renewed, reflecting approximately a 69% renewal rate of expired tenancies, accounting for 67% of the expired tenancy NLA. The high renewal rate reflects a long-term commitment by retailers and confidence in the property's tenant mix and positioning. The table below depicts further details of the property's tenancy expiries and renewals.

TABLE: Subang Parade, Expired and Renewed Tenancies 2004 – 2006 (as of 30 September 2006)

For FYEs	Number of tenancies expired	NLA of expired tenancies (sq ft)	Number of expired tenancies renewed	Total NLA of renewed tenancies (sq ft)	% of number of tenancies renewed	% of NLA of renewed tenancies
2004	56	132,685	40	102,931	71%	78%
2005	38	118,474	27	66,553	71%	56%
As of September 30, 2006	16	19,985	9	13,212	56%	66%
Total / Average	110	271,144	76	182,696	69%	67%

(b) Subang Parade's renewal rates increases were 13.8% in 2004 , 16.8% in 2005 and 25.3% in 2006 (as of 30 September 2006), reflecting tenant confidence in the centre.

Subang Parade's renewed tenancies were renewed at higher rental rates over the previous rental rate. In 2004, the 40 renewed tenancies were renewed at an average rental rate increase of approximately 13.8% over the previous rental rate. For 2005, the 27 renewed tenancies were renewed at an average rental rate increase of approximately 16.8% over the previous rental rates. As of 30 September 2006, 9 renewed tenancies were renewed at average rental rate increases of 25.3%. The high increases in rental rates further reflect retailer confidence in Subang Parade. These rates of increases however, cannot be assured in the future. See "Risk Factors" in under Section 4 of this prospectus for further information.

9. SUBJECT PROPERTIES (Cont'd)

The following table depicts the renewed tenancy rate spreads for 2004 - 2006.

TABLE: Subang Parade, Tenancy Renewal Spreads 2004-2006 (as of 30 September 2006)

For FYEs	Number of expired tenancies renewed	Renewed tenancies average rental increase over previous rental rate (%)
2004	40	13.8%
2005	27	16.8%
As of 30 September 2006	9	25.3%

(c) Subang Parade has long-term tenants, reflecting its strong position in its market

Subang Parade's location, large primary trade area and focus on its core customer base have sustained its occupancy and the business of its tenants over a decade. Consequently, there are long-term tenants residing in the complex, some since the inception of the property.

The table below depicts a selected list of tenants who have been conducting business at Subang Parade for at least 10 years.

TABLE: Subang Parade, Long-Term Tenants (as of 30 September 2006):

Tenant	Trade Sector
Bonia	Fashion & Footwear
Dave's Deli	Food & Beverage
Delifrance	Food & Beverage
East India Company	Fashion & Footwear
HSL Electrical & Electronics	Electronics & IT
Living Quarters	Homewares & Furnishing
McDonald's	Food & Beverage
Mothercare	Fashion & Footwear
MPH	Gifts / Book / Toys / Specialty
Parkson	Department Store
Pizza Hut	Food & Beverage
Somerset Bay	Fashion & Footwear
TGI Fridays	Food & Beverage
Toys 'R' Us	Gifts / Book / Toys / Specialty
World Of Sports	Fashion & Footwear

(d) Subang Parade has a balanced tenancy expiry profile

Approximately 119 tenancies will expire in the period 30 September 2006 to 2009. The FYE 2008 expiries also include anchor tenant Parkson which has a tenancy agreement with options to renew. Excluding the anchor tenant Parkson, expiries for FYE 2008 will account for approximately 28.4% of the total NLA and 31.9% of total monthly rental income.

The table and chart below detail the tenancy expiry profile.

9. SUBJECT PROPERTIES (Cont'd)

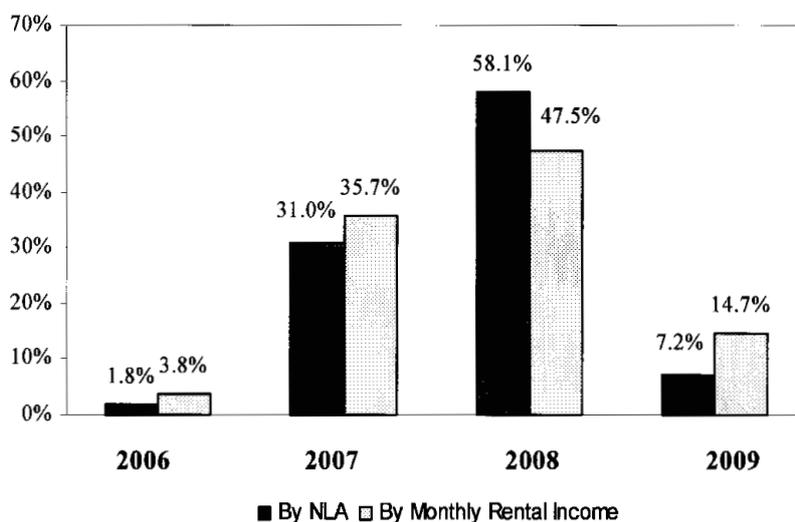
TABLE: Subang Parade, Tenancy Expiry Profile 2006-2009 (as of 30 September 2006)

For FYEs	Total number of tenancies expiring	NLA of tenancies expiring (sq ft)	% of expiring tenancies NLA of total NLA ³	% of expiring tenancies of Total Monthly Rental Income ^{1,3}
As of 30 September 2006	4	8,503	1.8%	3.8%
2007	47	146,603	31.0%	35.7%
2008 ²	43	274,846	58.1%	47.5%
2009	25	34,065	7.2%	14.7%

Notes:

- 1 Calculated over the base total monthly rental income per month for Subang Parade for September 2006.
- 2 Excluding the anchor tenant Parkson, the tenancy expiries for FYE 2008 will account for approximately 28.4% of the total NLA and 31.9% of total monthly rental income.
- 3 Percentage figures do not add up to 100% due to vacant lots, holdovers and increasing rentals due to step-ups.

CHART: Subang Parade, Tenancy Expiry Profile 2006-2009 (as of 30 September 2006)*



Notes:

- 1 Calculated over the base total monthly rental income per month for Subang Parade for September 2006.
- * Excluding anchor tenant Parkson, the tenancy expiries for 2008 will account for approximately 28.4% of the total NLA and 31.9% of total monthly rental.

9.1.6 Subang Parade's Competitive Positioning

The retail sector is a competitive market. The principal competitive factors include rental rates, location of the properties, supply of comparable retail space and the tenant mix meeting the needs of its market segment.

Subang Parade faces competition from shopping centres located in its primary trade area, including but not limited to Carrefour, Sunway Pyramid, Summit USJ and IOI Mall in Puchong. Subang Parade also faces some competition in its secondary trade area from shopping centres such as MidValley. In addition, Subang Parade faces potential competitive threats from future retail centres proposed within its trade area.

9. SUBJECT PROPERTIES (Cont'd)

Subang Parade has positioned its tenant mix as a suburban community-centric shopping centre, focusing on its core primary trade area encompassing Subang Jaya and its immediate area. Subang Parade's target demographic profile consists of the family segment and young working couples. The property's tenant mix and market positioning reflects the needs of this segment including a focus on value, convenience and comfort.

See the "Independent Market Research Report" in the Appendix VI of this Prospectus for a discussion on the current competitive environment for the Subject Properties.

9.1.7 Subang Parade's Asset Enhancements

We believe opportunities for growth exist through the refurbishment and renovation of the Subject Properties. We will continue to formulate schemes, which will increase the NLA, profile and subsequently, the yield of the properties.

In 2005, Subang Parade's lower ground floor included a sunken plaza towards the back of the shopping centre. HPSB transformed the sunken plaza into a lower basement with an additional floor reclaimed from the basement car park, resulting in an additional 21,361 sq ft of NLA. The renovations to this lot were completed in late 2005 and the new tenant, Digital One moved in subsequently, resulting in new rental revenues.

Currently, Subang Parade is in the process of a multi-phase refurbishment exercise. Throughout 2005, HPSB conducted the refurbishment of the restroom facilities. This refurbishment included re-tiling and the installation of automated 'hands-free' toilet facilities and amenities. The exercise also included the addition of a separate automated restroom facility for persons with disabilities. The restroom facilities were well received by consumers and tenants.

Throughout 2006, Subang Parade is undergoing an internal refurbishment of the shopping center, the cost of which is borne by HPSB. The interior will be re-painted and receive new floor finishes and railings. The car park will also undergo an extensive refurbishment including new flooring, painting and lighting. The centre will also receive new customer amenities, including a mother's room and a prayer room. Consequently, key tenants have also refurbished their outlets in the last two (2) years including Parkson, McDonald's, Pizza Hut, Kenny Roger's Roasters, Toys 'R' Us and HSL Electrical and Electronics. The overall effect of the refurbishment will be to provide a bright, convenient and comfortable environment for consumers.

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9. SUBJECT PROPERTIES (Cont'd)

9.2 Mahkota Parade

9.2.1 Overview

Mahkota Parade was the first 'regional' shopping centre in Melaka when it was opened in 1994, offering over half a million square feet of retail space. The complex is located within Mahkota Melaka, the commercial and tourist centre of Melaka, situated in the heart of Melaka town.

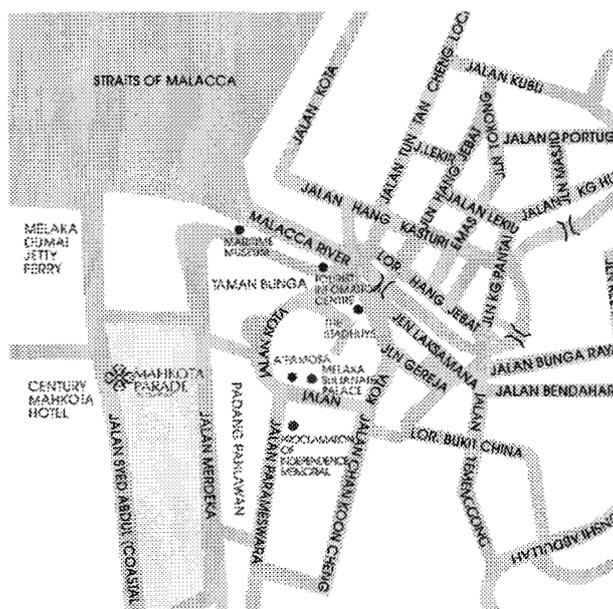


Figure: Map of Mahkota Parade, Melaka

Melaka (also known as Malacca) is a historical city, strategically located midway in the Straits of Melaka separating Malaysia and Indonesia. The city has a 600-year history of interventions and influences from various states including Sumatra, Siam, Imperial China, Portugal, the Dutch Empire and the British Empire, leaving behind a unique legacy of forts, churches and cultural influences. Till today, Melaka remains an important historical and tourist destination in Malaysia attracting approximately 4.7 million tourist arrivals in 2005 (source: MIRP).

Mahkota Parade occupies a prime parcel within Mahkota Melaka, a reclaimed parcel of land close to the historical heritage area. Mahkota Melaka is an 80-acre mixed development sitting atop reclaimed land overlooking the Straits of Melaka. Planned as the new commercial and tourist centre, the area sits adjacent to Melaka's historic town centre. The development comprises mainly terraces shop offices, condominiums and hotels. Notable landmarks include the Century Mahkota Hotel, the Equatorial Hotel and the Mahkota Medical Centre, a popular destination for medical tourism within the region. Within the historical heritage area, places such as the former Dutch administration building, The Stadthuys, St. Paul's Church, the old Portuguese fort A'Famosa are located within walking distance of the property.

Since its completion in 1994, Mahkota Parade is and remains the prime shopping destination in Melaka state. The complex features a 3-storey commercial building with basement and uncovered car park and a total of 955 car park spaces. An estimated population of 287,273 live within a 15 minute driving radius of the property, forming the primary trade area (source: MIRP).

Mahkota Parade is positioned as a prime shopping centre for metropolitan Melaka. The centre serves as the premier one-stop destination centre in the region, featuring a full array of dining, fashion and specialty offerings and entertainment, including a bowling alley, cinema and gaming arcade. Anchor store Parkson along with key tenants B.U.M. City, Bonia, McDonald's and Baleno provide a balanced mix of international and national chain offerings along with the centre's new 36,511 sq ft food court, Seleria. The centre also serves as a key venue for major promotional events and community gatherings.

9. SUBJECT PROPERTIES (Cont'd)

9.2.2 The Revenue, Property Operating Expenses and Net Property Income of Mahkota Parade

The table below depicts the revenue, property operating expenses and net property income of Mahkota Parade for the eight (8) months financial period ended 31 August 2006.

TABLE: Mahkota Parade, The Revenue, Property Operating Expenses and Net Property Income

	<i>RM'000</i>
Revenue	21,832
Property Operating Expenses	(7,215)
Net Property Income	<u>14,617</u>

9.2.3 Rental Rates

The following table depicts the average rental rates of Mahkota Parade as of 30 September 2006.

TABLE: Mahkota Parade, Average Rental Rates (as of 30 September 2006)

Floor	Approximate net lettable area* (sq ft)	Approximate monthly rental* (RM per sq ft)
Basement	46,079	2.00
Ground	156,689	5.39
First	176,094	4.91
Second	139,811	2.22

Note:

* Including individual lots (comprising 47,256 sq ft) which have already been sold prior to the date of the SPAs.

See the "Independent Market Research Report" in the Appendix VI of this Prospectus for a general comparison of the aforesaid rental rates with other shopping centres in Malacca.

9.2.4 Tenant Profile

- (a) **As of 30 September 2006, Mahkota Parade's NLA comprises 471,417 sq ft, leased out to 102 tenants.**

As at 1 May 2006, Mahkota Parade's NLA comprises 484,948 sq ft at the date of valuation. From June 2006, HBSB reconfigured Lot G79, a large-sized, low-yield lot into a zone of 11 smaller but higher-yielding lots and 16 kiosks, resulting in a reduction of 13,531 sq ft. The zone is expected to be opened in November 2006 with 9 out of 11 lots committed to lease. More information on this refurbishment is detailed in the section 9.2.5 of this Prospectus.

As of 30 September 2006, Mahkota Parade had let out lots to 102 tenants, not including the committed tenancies as above.

- (b) **Mahkota Parade has achieved a high occupancy rate of approximately 95% as of 30 September 2006 and has received approximately 14.2 million visitors since 2005**

Mahkota Parade's initial occupancy rate at the time of HBSB's acquisition was 87.0% in April 2004. Mahkota Parade has since enjoyed an occupancy rate in excess of the Melaka average occupancy rates for 2004 to 2005. The following table and chart depict the occupancy record from 31 December 2004 to 30 September 2006.

9. SUBJECT PROPERTIES (Cont'd)

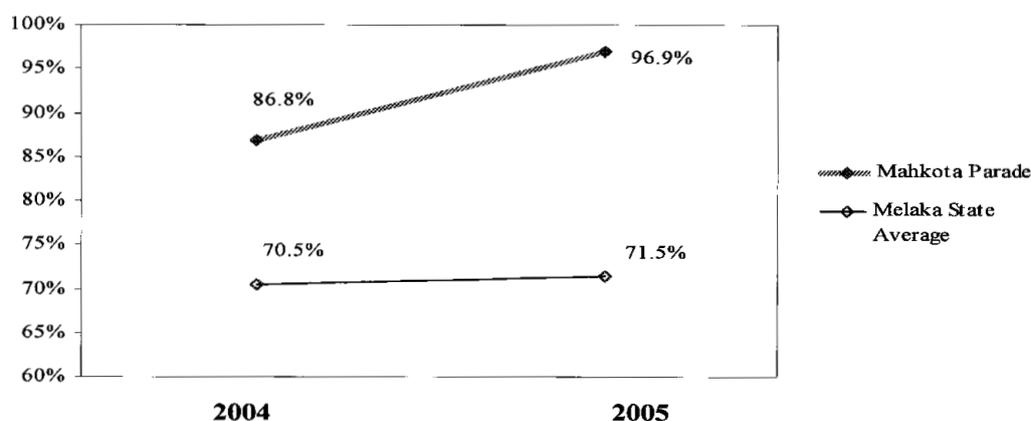
TABLE: Mahkota Parade, Average Occupancy Profile

Property	FYE 2003	FYE 2004	FYE 2005	As of 30 September 2006
Mahkota Parade	-	86.8%	96.9%	94.9%
Average Shopping Centre Occupancy¹:				
In Malaysia	77.7%	80.1%	81.1%	-
In Melaka	72.0%	70.5%	71.5%	-

Note:

1 Independent Market Research Report by MIRP

CHART: Mahkota Parade, Average Occupancy Profile 2004 – 2005



Mahkota Parade tracks visitor traffic via Footfall, which is installed at 16 entrances throughout the centre. In 2005, the system recorded 8.0 million visitors or a weekly average of approximately 153,000 visitors to the centre. As of 30 September 2006, the system recorded 6.2 million visitors or a weekly average of 159,000 visitors.

(c) Mahkota Parade's top ten tenants contributed approximately 34.6% to monthly rental income

Mahkota Parade's anchor and key tenants included Parkson, Ampang Superbowl, Giant Supermarket and Golden Screen Cinemas. In terms of top tenants, the property's department store Parkson occupied 24.1% of NLA and contributed 11.0% of total monthly rental income. The next nine (9) key tenants accounted for 24.9% of NLA and accounted for 23.6% of total monthly rental income, leaving the remaining tenants accounting for 65.4% of total monthly rental income.

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9. SUBJECT PROPERTIES (Cont'd)

The following table and chart depict Mahkota Parade's tenant profile.

TABLE: Mahkota Parade, Top Ten Tenants Profile (as of 30 September 2006)

	Tenant	Trade Sector	Expiry Date	Total NLA (sq ft)	Percentage of NLA	% of Total Monthly Rental Income¹
1	Parkson	Department Stores	February 2008	113,389	24.1%	11.0%
2	Ampang Superbowl	Leisure & Entertainment, Sport & Fitness	August 2008	36,717	7.8%	4.0%
3	B.U.M. City	Fashion	June 2009	13,918	2.9%	3.1%
4	Bonia	Fashion	August 2007, October 2007 and December 2007	3,121	0.7%	2.6%
5	The Reject Shop	Fashion	June 2007	8,503	1.8%	2.4%
6	KFC	Food & Beverage	December 2008	5,403	1.2%	2.4%
7	Giant Supermarket	Supermarket	December 2007	24,143	5.1%	2.3%
8	McDonald's	Food & Beverage	December 2007	5,942	1.3%	2.3%
9	Baleno	Fashion	July 2008	4,273	0.9%	2.3%
10	Aussino ²	Homewares & Furnishing	November 2007	15,521	3.2%	2.2%
Top 10 Tenants by Total Monthly Rental Income				230,930	49.0%	34.6%
Other Tenants				240,487	51.0%	65.4%
Total				471,417	100.0%	100.0%

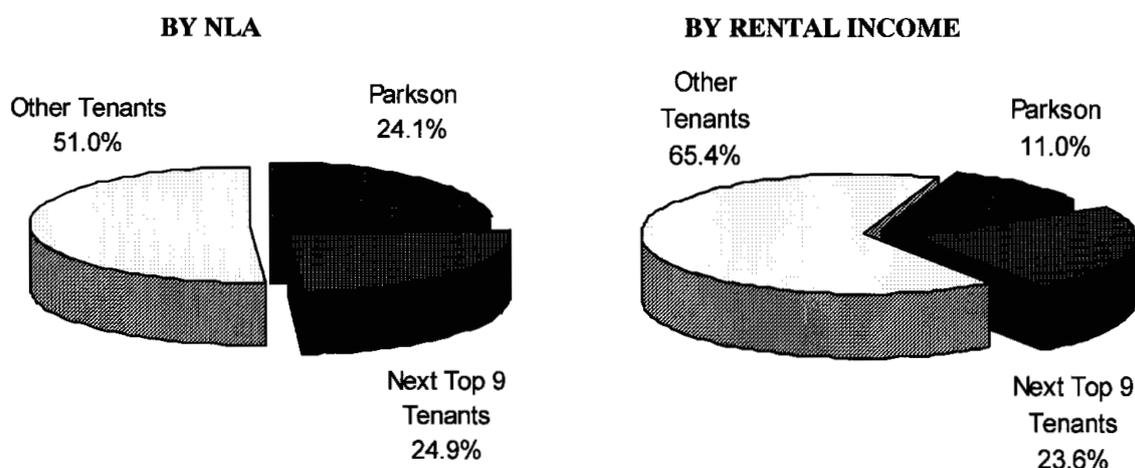
Notes:

- 1 Calculated over the base total monthly rental income per month for Mahkota Parade for September 2006.
- 2 Aussino has given notice to vacate the premises by November 5, 2006.

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9. SUBJECT PROPERTIES (Cont'd)

CHART: Mahkota Parade, Top Ten Tenants Profile (as of 30 September 2006)



(d) Mahkota Parade's tenant mix is diversified and not dependent on any trade sector

Mahkota Parade's tenant mix is reflective of its position as a prime regional shopping centre in Melaka. The property's largest trade sector is fashion and footwear, which accounts for 19.2% of NLA or 35.1% of total monthly rental income. Food and Beverage / Food Court is the second largest trade segment, accounting for 17.1% of NLA while contributing 18.2% of total monthly rental income.

The following table and chart depict a detailed breakdown of Mahkota Parade's tenant mix.

TABLE: Mahkota Parade, Tenant Breakdown by Sector (as of 30 September 2006)

Trade Sector	As a % of total NLA	% of total monthly rental income ¹
Fashion & Footwear	19.2%	35.1%
Food & Beverage / Food Court	17.1%	18.2%
Department Store / Supermarket	30.7%	13.3%
Gifts / Books / Toys / Specialty	8.8%	10.6%
Leisure & Entertainment, Sport & Fitness	13.0%	9.7%
Education / Services	2.9%	5.3%
Homewares & Furnishing	1.2%	2.9%
Others	3.5%	2.5%
Electronics & IT	3.6%	2.4%
Total	100.0%	100.0%

Note:

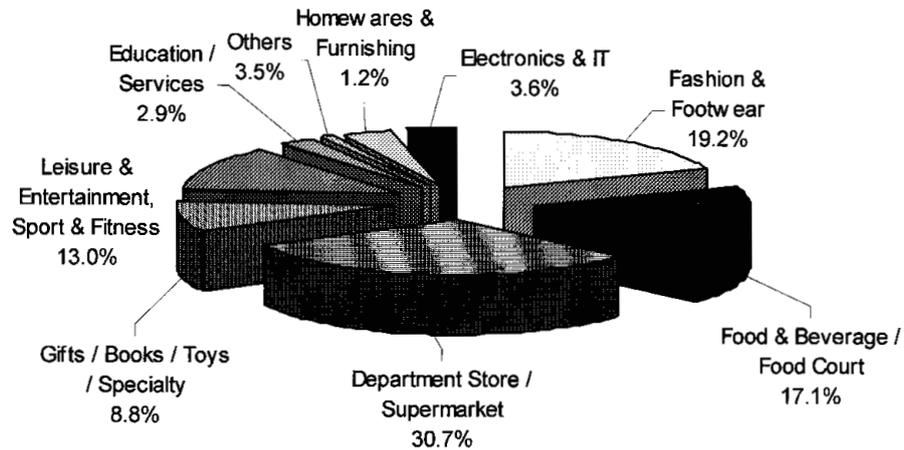
¹ Calculated over the base total monthly rental income per month for Mahkota Parade for September 2006.

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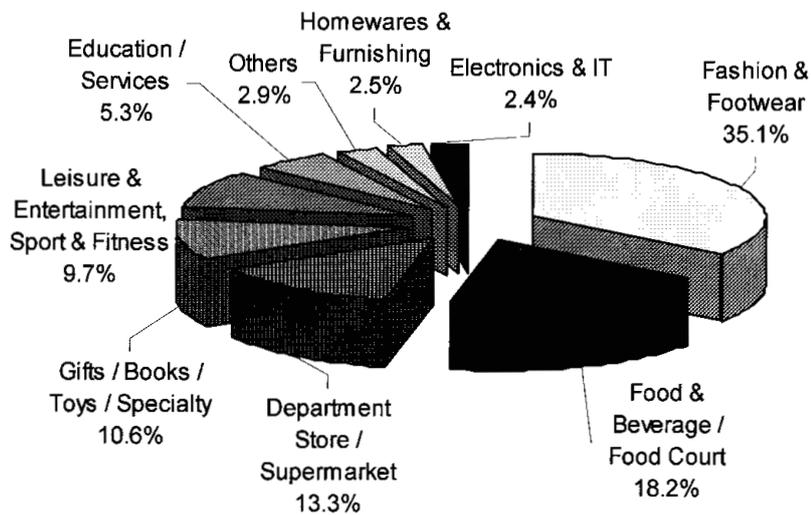
9. SUBJECT PROPERTIES (Cont'd)

CHART: Mahkota Parade, Tenant Segmentation by Trade Sector (as of 30 September 2006)

BY NLA



BY RENTAL INCOME



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9. SUBJECT PROPERTIES (Cont'd)

(e) Mahkota Parade's tenant mix features strong tenant brands

The majority of Mahkota Parade's tenants are international brands, franchises, national brands or chain store franchises. Single-store tenants within the property constituted approximately 19.6% of total tenancies and 15.4% of total NLA, while accounting for approximately 10.7% of total monthly rental income.

TABLE: Mahkota Parade, Tenant Breakdown by Brand Category (as of 30 September 2006)

Tenant Segmentation by	% of Total Tenancies	% of Total NLA	% of Total Monthly Rental Income ¹
International Brands / Franchises	31.4%	48.4%	45.5%
Chain or National Stores / Franchises	49.0%	36.2%	43.8%
Single-Store Tenants	19.6%	15.4%	10.7%
Total	100.0%	100.0%	100.0%

Note:

¹ Calculated over the base total monthly rental income per month for Mahkota Parade for September 2006.

(f) Mahkota Parade's tenancies includes a number of Step-Up and Turnover Rent provisions

Through HBSB's leasing efforts, Mahkota Parade has negotiated for Step-Up provisions and Turnover Rent provisions in its tenancy agreements. Step-Up provisions provide for negotiated increases in base rent over the tenure of the tenancy. Turnover Rent provisions provide for rent fixed at a percentage of the tenant's monthly sales, in excess of the base rent. Some tenancies contain both provisions while some tenants negotiate for either one. Both provisions provide for potential financial benefits to the Fund. For more information on these provisions, see Section 7.2.1 (c) in this Prospectus.

At the time of HBSB's acquisition of Mahkota Parade in April 2004, there were no Step-Up or Turnover Rent provisions in the tenancy agreements.

As of 30 September 2006, the leasing manager had achieved 72 Step-Up provisions and 84 Turnover Rent provisions among its tenancies. Consequently, approximately 70.6% of tenancies include increases in base rent over the tenure of the agreement. Approximately 82.4% of tenancies will report their monthly turnover figures to the Manager under the Turnover Rent provision.

TABLE: Mahkota Parade, Step-Up and Turnover Provisions (as of 30 September 2006)

Tenancy Provision	No. of Tenancies	% of Total Tenancies
Step-Up	72	70.6%
Straight	30	29.4%
Total	102	100.0%

9. SUBJECT PROPERTIES (Cont'd)

Tenancy Provision	No. of Tenancies	% of Total Tenancies
Turnover Rent	84	82.4%
No Turnover Rent	18	17.6%
Total	102	100.0%

9.2.5 Tenancy Expiries And Renewals

As per typical practice in Malaysia, retail tenancy periods last for 3 years. Consequently, the Subject Properties are exposed to a substantial portion of tenancy expiries on an annual basis. Typically, retail tenancies take the form of rollover or renewed 3-year tenancies. The table below represents historical data on expired tenancies and their renewal statistics.

(a) Mahkota Parade has enjoyed a renewal rate of approximately 52% of its tenancies for 2004-2006

From 2004 to 30 September 2006, 53 out of a total 101 expired tenancies were renewed, reflecting approximately a 52% renewal rate of expired tenancies, accounting for 53% of the expired tenancy NLA. The renewal rate reflects a long-term commitment by retailers and confidence in the property's tenant mix and positioning. The table below depicts further details of the property's tenancy expiries and renewals.

TABLE: Mahkota Parade, Expired and Renewed Tenancies 2004 – 2006 (as of 30 September 2006)

For FYEs	Number of tenancies expired	NLA of expired tenancies (sq ft)	Number of expired tenancies renewed	Total NLA of renewed tenancies (sq ft)	% of number of tenancies renewed	% of NLA of renewed tenancies
2004 ¹	57	110,542	26	67,254	46%	61%
2005	36	104,263	22	53,218	61%	51%
As of 30 September 2006	8	49,366	5	18,871	63%	38%
Total / Average	101	264,171	53	139,343	52%	53%

Note:

¹ Inclusive of all tenancies expiring and renewed in the calendar year 2004, including the 4 months prior to HBSB's completion of acquisition in April 2004.

(b) Mahkota Parade's renewal rates increases were approximately 21.9% in 2004, 28.0% in 2005 and 6.6% in 2006

Mahkota Parade's renewed tenancies were renewed at higher rental rates over the previous rental rate. In FYE 2004, 26 tenancies were renewed at an average rental rate increase of approximately 21.9% over the previous rental rate. For FYE 2005, 22 tenancies were renewed at an average rental rate increase of approximately 28.0% over the previous rental rates. As of 30 September 2006, 5 tenancies were renewed at an average rental rate increase of 6.6%, however this figure does not take into account the increase in rental rates for the former Lot G79. See "Mahkota Parade's Asset Enhancements" in Section 9.2.7 for further details.

The high increases in rental rates further reflect retailer confidence in Mahkota Parade. These rates of increases however, cannot be assured in the future. See "Risk Factors" in Section 4 of this Prospectus for further information.

9. SUBJECT PROPERTIES (Cont'd)

The following table depicts the renewed tenancy rate spreads for 2004 and 2005.

TABLE: Mahkota Parade, Tenancy Renewal Spreads 2004-2006 (as of 30 September 2006)

For FYEs	Number of expired tenancies renewed	Renewed tenancies average rental increase over previous rental rate (%)
2004	26	21.9%
2005	22	28.0%
As of 30 September 2006	5	6.6%

(c) Mahkota Parade has long-term tenants, reflecting its strong position in its market

Mahkota Parade's location, large primary trade area and focus on its core customer base have sustained its occupancy and the business of its tenants over the long term. Consequently, there are long-term tenants residing in the complex, some since the inception of the property.

The table below depicts a selected list of tenants who have been conducting business at Mahkota Parade for at least 10 years.

TABLE: Mahkota Parade, Long-Term Tenants (as of 30 September 2006):

Tenant	Trade Sector
Bata	Fashion & Footwear
Golden Screen Cinemas	Leisure & Entertainment
Guardian Pharmacy	Gifts / Book / Toys / Specialty
Kenny Roger's	Food & Beverage
KFC	Food & Beverage
McDonald's	Food & Beverage
MPH	Gifts / Book / Toys / Specialty
Osim	Gifts / Book / Toys / Specialty
Parkson	Department Store
Pizza Hut	Food & Beverage
Reject Shop	Fashion & Footwear
Royal Selangor	Gifts / Book / Toys / Specialty
Royal Sporting House	Fashion & Footwear
Speedy Video	Gifts / Book / Toys / Specialty
Watson's	Gifts / Book / Toys / Specialty

(d) Mahkota Parade has a balanced tenancy expiry profile

Approximately 117 tenancies will expire in the period from 30 September 2006 to 2009. The FYE 2008 expiries also include anchor tenant Parkson which has a tenancy agreement with options for renewal. Excluding the anchor tenant Parkson, expiries for FYE 2008 will account for approximately 31.2% of the total NLA and 35.5% of total monthly rental income.

9. SUBJECT PROPERTIES (Cont'd)

The table and chart below detail the tenancy expiry profile.

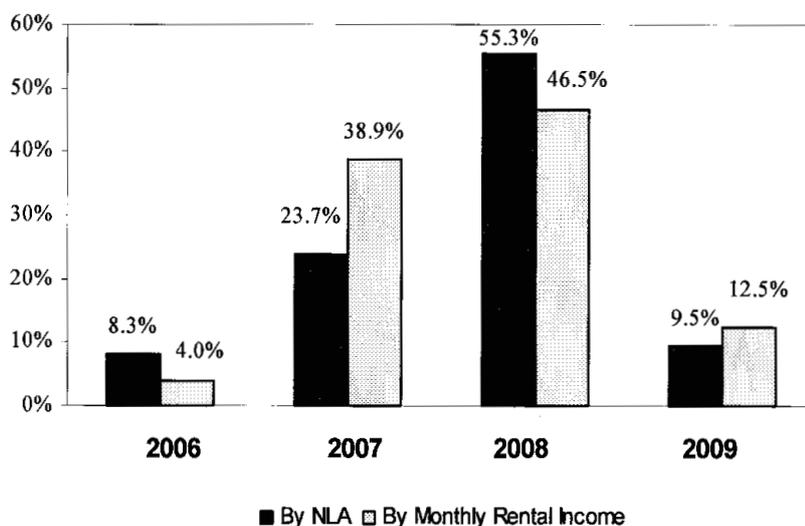
TABLE: Mahkota Parade, Tenancy Expiry Profile 2006-2008 (as of 30 September 2006)

For FYEs	Total number of tenancies expiring	NLA of tenancies expiring (sq ft)	% of expiring tenancies NLA of total NLA ³	% of expiring tenancies of Total Monthly Rental Income ^{1,3}
As of 30 September				
2006	4	39,083	8.3%	4.0%
2007	51	111,595	23.7%	38.9%
2008 ²	46	260,666	55.3%	46.5%
2009	16	44,724	9.5%	12.5%

Notes:

- 1 Calculated over the base total monthly rental income per month for Mahkota Parade for September 2006.
- 2 Excluding the anchor tenant Parkson, the expiries for FYE 2008 will account for approximately 31.2% of the total NLA and 35.5% of total monthly rental income.
- 3 Percentage figures do not add up to 100% due to vacant lots, holdovers and increasing rentals due to step-ups.

CHART: Mahkota Parade, Tenancy Expiry Profile 2006-2009 (as of 30 September 2006)*



Notes:

- 1 Calculated over the base total monthly rental income per month for Mahkota Parade for September 2006.
- * Excluding anchor tenant Parkson, the tenancy expiries for FYE 2008 will account for approximately 31.2% of the total NLA and 35.5% of total monthly rental income.

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9. SUBJECT PROPERTIES (Cont'd)

9.2.6 Mahkota Parade's Competitive Positioning

The retail sector is a competitive market. The principal competitive factors include rental rates, location of the properties, supply of comparable retail space and the tenant mix meeting the needs of its market segment.

Mahkota Parade faces no immediate current competition from shopping centres located in its primary trade. Mahkota Parade does face a potential competitive threat from the Dataran Pahlawan retail development which is situated directly opposite the centre. Dataran Pahlawan consists of a 2-phase development which includes sold retail strata lots.

Mahkota Parade has positioned itself as a prime urban shopping centre, reflecting its position as the largest enclosed purpose-built shopping centre in Melaka and its prime location within walking distance of the historical sites. The centre's tenant mix claims the widest range of retailers and includes the only cineplex in an enclosed mall in Melaka. Its prime location attracts domestic and international tourists in addition to its primary and secondary trade area.

See the "Independent Market Research Report" in the Appendix VI of this prospectus for a discussion on the current competitive environment for the Subject Properties.

9.2.7 Mahkota Parade's Asset Enhancements

We believe opportunities for growth exist through the refurbishment and renovation of the Subject Properties. We will continue to formulate strategies, which will increase the NLA, profile and subsequently, the yield of the properties.

In 2005, HBSB transformed the vacant second floor lots behind Ampang Superbowl (the bowling centre) into the new food court. The food court was relocated from the first floor, which allowed for the previous lot measuring 28,285 sq ft to be divided into two (2) lots and rented out at improved rental rates to national electrical retailer SenQ and a bookshop. The new food court, named Seleria, included 36,511 sq ft of NLA and can accommodate up to 1,300 people. This resulted in increased traffic to the second floor as a result of the food court, thus improving the rental prospects for all lots at that level.

From June 2006, HBSB reconfigured Lot G79, a large-sized, low-yield lot into a zone of 11 smaller but higher-yielding lots and 16 kiosks. This resulted in a reduction of NLA of 13,531 sq ft which was used for common area passageways and corridors. This is a common practice in modern shopping centre management, reflecting the higher profitability of smaller lots in zone over larger contiguous lot sizes. The zone is expected to be opened in November 2006 with 9 out of 11 lots committed to lease at higher rental rates than the previous tenant.

Currently, Mahkota Parade is undergoing a refurbishment of the restroom facilities, the cost of which is borne by HBSB. This refurbishment includes re-tiling and the installation of automated 'hands-free' toilet facilities and amenities.

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9. SUBJECT PROPERTIES *(Cont'd)*

9.3 Summary of the Subject Properties

9.3.1 Competitive Strengths

The Manager believes that the Subject Properties benefit from the following competitive strengths:

(a) **Strategic Location and Large Trade Areas.**

The Subject Properties benefit from strategic locations within their respective markets. Subang Parade is situated in the commercial centre of the affluent township of Subang Jaya while Mahkota Parade is situated in the commercial centre adjacent to the historical sector of Melaka. Both areas feature established and growing populations.

(b) **Consumer-Focused Tenant Strategy**

The Subject Properties possess positioning strategies which are suitable for the consumers in their respective markets. Subang Parade is positioned as a community-centric regional mall and possesses a tenant mix which targets its core demographic market segment i.e. families and young couples. Mahkota Parade is positioned as a prime regional mall and as the largest mall in Melaka, attracts local consumers as well as domestic and international tourists.

(c) **Quality Tenants**

The Subject Properties retain strong anchor and key tenants, including some of Malaysia's largest retailers and a large number of international retailers. Some of the tenants have been conducting business in the centres for over 10 years. The tenant mix continues to attract customer traffic into the shopping centres. The Subject Properties received approximately 13.7 million visitors in 2005 and 10.2 million visitors up to 30 September 2006.

(d) **High Occupancy**

The Subject Properties, as a result of their location, positioning, tenant mix and other factors, benefit from high occupancy rates, in excess over the national and state average occupancy rates for retail shopping centres from 2003 to 2005. Subang Parade achieved an occupancy rate of approximately 98.5% while Mahkota Parade achieved an occupancy rate of approximately 94.9% as of 30 September 2006. On a weighted NLA basis, the Subject Properties recorded an occupancy rate of approximately 96.7% as of 30 September 2006.

(e) **Management and Business Model**

The Subject Properties were managed by HPSB and HBSB, who implemented a management and business model which has increased and maintained the Subject Properties' occupancies above the national average, improved rental rates and have overseen the gradual refurbishment of the Subject Properties. The previous managers have implemented a business model, which aligns the interests of the Fund with the tenants.

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9. SUBJECT PROPERTIES (Cont'd)

9.3.2 The Subject Properties

Subang Parade was acquired from Lion Subang Parade Sdn Bhd in a sale and purchase agreement executed on 24 December 2002 and completed at the end August 2003. Mahkota Parade was acquired from Lion Mahkota Parade Sdn Bhd in a sale and purchase agreement executed on 16 December 2003 and completed in early April 2004.

TABLE: The Subject Properties, Area Summary (as of 30 September 2006)

Property	Total NLA (sq ft)	Land Lease Expiry (Year)	Completed (Year) ²	Renovation (Year) ¹
Subang Parade	472,709 ³	Freehold	1988	2006
Mahkota Parade	471,417 ⁴	Leasehold expiring on 2101	1994	2006
Total	944,126			

Notes:

- ¹ See Asset Enhancements in each respective property section for further details.
- ² Completed building and open for business.
- ³ Includes NLA addition of 653 sq ft, comprising the expansion of 2 existing lots and the addition of 1 new lot.
- ⁴ Includes the reconfiguration of former Lot G79 which was converted from a large, low-yielding lot into 11 smaller, higher-yielding lot, resulting in a NLA decrease of 13,531 sq ft.

TABLE: The Subject Properties, Occupancy Data (as of 30 September 2006)

Property	Total NLA (sq ft)	Total Visitors FYE 2005 ¹	Occupancy Rate
Subang Parade	472,709	5,689,196	98.5%
Mahkota Parade	471,417	8,007,014	94.9%
Total	944,126	13,696,210	96.7%

Note:

- ¹ Total Visitors are tracked according to the Subject Properties' Footfall system.

9.3.3 Tenant Profile

- (a) **The Subject Properties' top ten tenants contributed 30.0% of total monthly rental income**

The major tenants of the Subject Properties include some of Malaysia's largest retailers such as Parkson, The Reject Shop, McDonald's, Bonia, World of Sports and Bata. As of 30 September 2006, the Subject Properties' top ten tenants contributed approximately 30.0% of total monthly rental income. Of the top ten, Parkson contributed the largest portion at 13.4% of total monthly rental income and occupied 26.9% of the total NLA of the Subject Properties. The second-largest tenant by revenues, the Reject Shop, contributed no more than 2.2% of total monthly rental income and 1.9% of total NLA.

9. SUBJECT PROPERTIES (Cont'd)

TABLE: The Subject Properties, Top Ten Tenants (as of 30 September 2006)¹

	Tenant	Trade Sector	Expiry Date	Total NLA (sq ft)	% of Total NLA	% of total monthly rental income¹
1	Parkson	Department Stores	February 2008 and September 2008	254,009	26.9%	13.4%
2	The Reject Shop	Fashion	June 2007 and December 2007	17,695	1.9%	2.2%
3	Bata	Fashion	December 2006, July 2007 and June 2008	7,169	0.8%	2.2%
4	Bonia	Fashion	August 2007, October 2007, December 2007 and August 2009	5,965	0.6%	2.0%
5	McDonald's	Food & Beverage	March 2007 and December 2007	10,457	1.1%	1.9%
6	Ampang Superbowl	Leisure & Entertainment	August 2008	36,717	3.9%	1.9%
7	World of Sports	Fashion	December 2008 and June 2007	10,796	1.1%	1.8%
8	Kenny Rogers Roasters	Food & Beverage	December 2006 and July 2008	7,096	0.7%	1.7%
9	B.U.M. City	Fashion	June 2009	13,918	1.5%	1.5%
10	Voir	Fashion	October 2007	5,506	0.6%	1.4%
	Top Ten Tenants by Total Monthly Rental Income			369,328	39.1%	30.0%
	Other Tenants			574,798	60.9%	70.0%
	Total			944,126	100.0%	100.0%

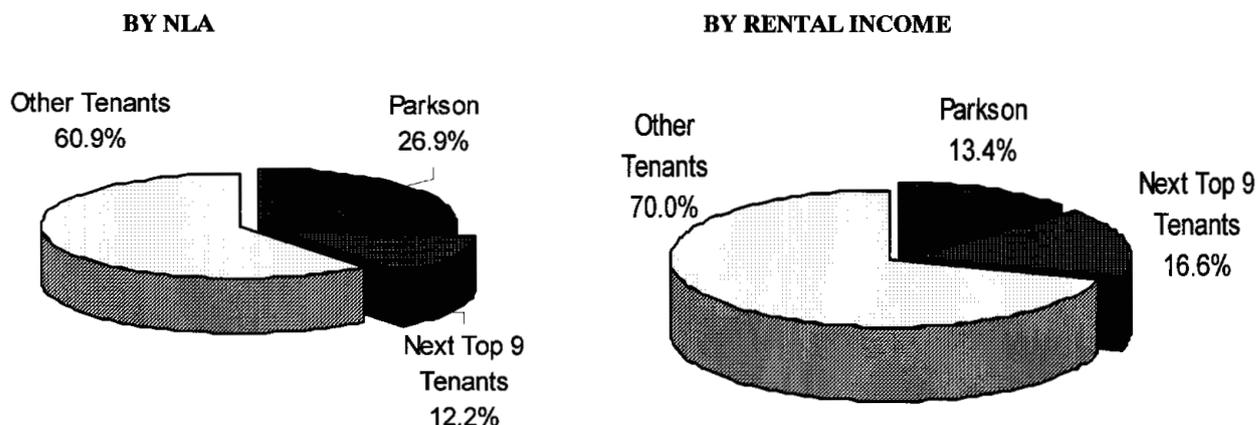
Note:

¹ Calculated over the base total monthly rental income per month for September 2006.

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9. SUBJECT PROPERTIES (Cont'd)

CHART: The Subject Properties, Top 10 Tenants Contribution (as of 30 September 2006)¹



Note:

¹ Calculated over the base total monthly rental income per month for September 2006

(b) The Subject Properties' tenant mix is diversified and not overly dependent on any trade sector

The Subject Property's largest trade segment, fashion and footwear, accounted for 31.2% of total monthly rental income and 16.8% of total NLA. The next largest segment, food & beverage accounted for 20.4% of total monthly rental income and 15.9% of total NLA.

The following table and chart depicts the segmentation of the Subject Properties' tenant mix by trade sector.

TABLE: The Subject Properties, Tenant Segmentation by Trade Sector (as of 30 September 2006)

Trade Sector	% of total NLA	% of total monthly rental income ¹
Fashion & Footwear	16.8%	31.2%
Food & Beverage / Food Court	15.9%	20.4%
Department Store / Supermarket	30.5%	14.5%
Gifts / Books / Toys / Specialty	10.4%	11.3%
Leisure & Entertainment, Sport & Fitness	11.1%	8.2%
Education / Services	4.1%	6.5%
Electronics & IT	6.8%	3.3%
Homewares & Furnishing	3.6%	2.9%
Others	0.8%	1.7%
Total	100.0%	100.0%

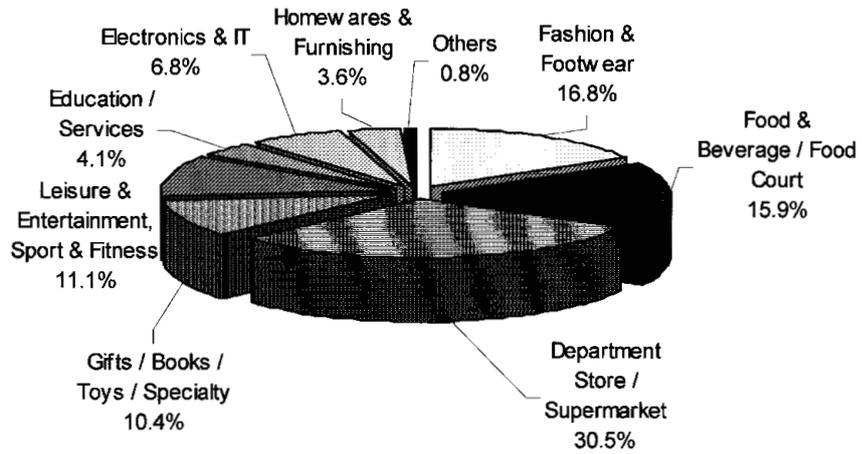
Note:

¹ Calculated over the base total monthly rental income per month for September 2006.

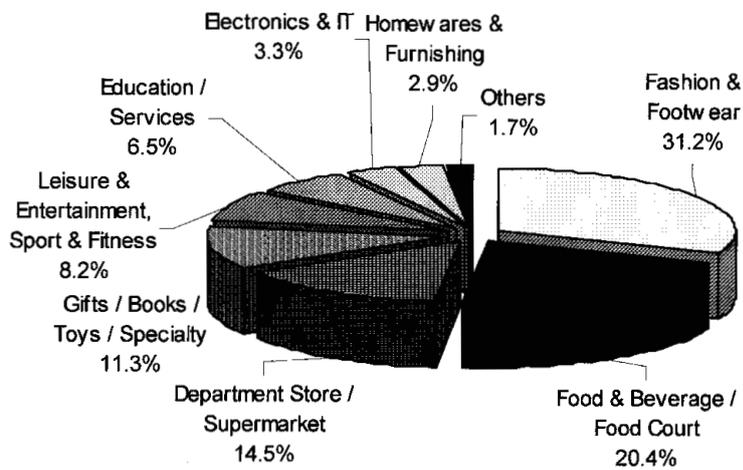
9. SUBJECT PROPERTIES (Cont'd)

CHART: The Subject Properties, Tenant Segmentation by Trade Sector (as of 30 September 2006)

BY NLA



BY RENTAL INCOME



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9. SUBJECT PROPERTIES (Cont'd)

(c) The Subject Properties' tenant mix features strong tenant brands

The majority of the Subject Properties' tenants are international brands, franchises, national brands or chain store franchises. Single-store tenants trading at the Subject Properties constituted approximately 16.7% of total tenancies and 11.4% of total NLA, while accounting for approximately 8.9% of total monthly rental income.

TABLE: The Subject Properties, Tenant Segmentation by Brand Category (as of 30 September 2006)

Tenant Segmentation by	% of Tenancies	% of NLA	% of total monthly rental income¹
International Brands / Franchises	33.5%	56.0%	50.3%
Chain or National Stores / Franchises	49.8%	32.6%	40.8%
Single Stores	16.7%	11.4%	8.9%
Total	100.0%	100.0%	100.0%

Note:

1 Calculated over the base total monthly rental income per month for 30 September, 2006

(d) The Subject Properties' tenancies includes a significant number of step-up and turnover rent provisions

Through the combined leasing efforts of HPSB and HBSB, both Subang Parade and Mahkota Parade have negotiated for Step-Up provisions and Turnover Rent provisions in their tenancy agreements. Step-Up provisions provide for negotiated increases in base rent over the tenure of the tenancy. Turnover Rent provisions provide for rent fixed at a percentage of the tenant's monthly sales, in excess of the base rent. Some tenancies contain both provisions while tenants sometimes negotiate for either one. Both provisions provide for potential financial benefits to the Fund. For more information on these provisions, see 'Investment Strategies' under Section 7 of this Prospectus.

At the time of HPSB's acquisition of Subang Parade in August 2003 and HBSB's acquisition of Mahkota Parade in April 2004 respectively, there were no Step-Up or Turnover Rent provisions in the tenancy agreements.

As of 30 September 2006, a total of 128 tenancies had Step-Up provisions and 193 had Turnover Rent provisions. Consequently, approximately 57.9% of tenancies include increases in base rent over the tenure of the agreement. Approximately 87.3% of tenancies will report their monthly turnover figures to the Manager under the Turnover Rent provision.

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9. SUBJECT PROPERTIES (Cont'd)

TABLE: The Subject Properties, Step-Up and Turnover Tenancies (as of 30 September 2006)

Tenancy Provision	No. of Tenancies	% of Total Tenancies
Step-Up	128	57.9%
Straight	93	42.1%
Total	221	100.0%

Tenancy Provision	No. of Tenancies	% of Total Tenancies
Turnover Rent	193	87.3%
No Turnover Rent	28	12.7%
Total	221	100.0%

9.3.4 Tenancy Expiries And Renewals

- (a) **The Subject Properties have enjoyed a high renewal rate of approximately 61% of its tenancies**

In total, from 2004 to 30 September 2006, 129 out of a total of 211 expired tenancies were renewed, reflecting approximately a 61% renewal rate of expired tenancies and accounting for 60% of the expired tenancy NLA. The high renewal rate reflects a long-term commitment by retailers and confidence in the property's tenant mix and positioning. The table below depicts further details of the property's tenancy expiries and renewals.

TABLE: The Subject Properties, Expired and Renewed Tenancies 2004 – 2006 (as of 30 September 2006)

For FYEs	Number of tenancies expired	NLA of expired tenancies (sq ft)	Number of expired tenancies renewed	Total NLA of renewed tenancies (sq ft)	% of number of tenancies renewed	% of NLA of renewed tenancies
2004	113	243,227	66	170,185	58%	70%
2005	74	222,737	49	119,771	66%	54%
As of 30 September 2006	24	69,351	14	32,083	58%	46%
Total / Average	211	535,315	129	323,039	61%	60%

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9. SUBJECT PROPERTIES (Cont'd)

(b) The Subject Properties' renewal rates increases were 17.6% in 2004, 21.4% in 2005 and 16.4% to 30 September 2006

The Subject Properties' renewed tenancies were renewed at higher rental rates over the previous rental rate. In 2004, 66 tenancies were renewed at an average rental rate increase of approximately 17.1% over the previous rental rate. For 2005, 49 tenancies were renewed at an average rental rate increase of approximately 21.4% over the previous rental rates. Up to 30 September 2006, 14 tenancies were renewed at an average rental rate increase of approximately 16.9%. The high increases in rental rates further reflect retailer confidence in the Subject Properties. These rates of increases however, cannot be assured in the future. See "Risk Factors" in Section 4 of this Prospectus for further information.

The following table depicts the renewed tenancy rate spreads for 2004 to 30 September 2006.

TABLE: The Subject Properties, Tenancy Renewal Spreads 2004-2006 (as of 30 September 2006)

For FYEs	Number of expired tenancies renewed	Renewed tenancies average rental increase over previous rental rate (%)
2004	66	17.1%
2005	49	21.4%
As of 30 September 2006	14	16.9%

(c) The Subject Properties have a balanced tenancy expiry profile

Approximately 237 tenancies will expire in the period 30 September 2006 to 2009. The FYE 2008 also includes anchor tenant Parkson which has tenancy agreements with options for renewal. Excluding the anchor tenant Parkson, expiries for FYE 2008 will account for approximately 29.8% of the total NLA and 33.6% of total monthly rental income.

The table and chart below detail the tenancy expiry profile.

TABLE: The Subject Properties, Tenancy Expiry Profile 2006-2009 (as of 30 September 2006)

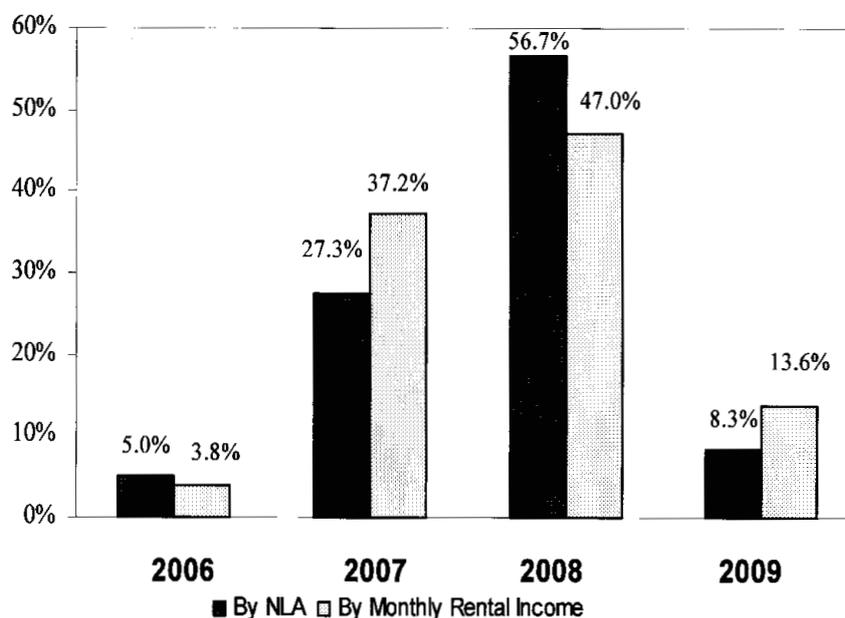
For FYEs	Total number of tenancies expiring	NLA of tenancies expiring (sq ft)	% of expiring tenancies NLA of Total NLA	% of expiring tenancies of Total Monthly Rental Income ¹
As of 30 September 2006	8	47,586	5.0%	3.8%
2007	98	258,198	27.4%	37.2%
2008 ²	90	535,512	56.7%	47.0%
2009	41	78,789	8.3%	13.6%

Notes:

- ¹ Calculated over the base total monthly rental income per month for September 2006.
- ² Excluding the anchor tenant Parkson, tenancy expiries for FYE 2008 will account for approximately 29.8% of the total NLA and 33.6% of total monthly rental income.
- ³ Percentage figures do not add up to 100% due to vacant lots, holdovers and increasing rentals due to Step-Ups.

9. SUBJECT PROPERTIES (Cont'd)

CHART: The Subject Properties, Tenancy Expiry Profile 2006-2009 (as of 30 September 2006)*



Notes:

1 Calculated over the base total monthly rental income per month for September 2006.

* Excluding anchor tenant Parkson, the tenancy expiries for FYE 2008 will account for approximately 29.8% of the total NLA and 33.6% of total monthly rental income.

9.3.5 Insurance

The Vendors have insurance for the Subject Properties including but not limited to fire, consequential loss, burglary, plate glass, machinery and equipment breakdown insurance and public liability insurance. There are however, certain types of risks that are not covered by such insurance policies, including losses resulting from wars, acts of terrorism or related activities. The Vendors believe this is consistent with the industry practice in Malaysia.

9.4 Valuation of Subject Properties

The Subject Properties were valued by the Independent Property Valuer as shown in the table below. The property shall be revalued at least once every three (3) years under the SC Guidelines on REITs or at such other times as required under the applicable accounting standards.

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9. SUBJECT PROPERTIES (Cont'd)

TABLE: The Subject Properties, Valuation Summary

Property	Valuation Date	Valuation Amount (RM '000)	Purchase Consideration¹ (RM '000)
Subang Parade	1 May 2006	290,000	280,000
Mahkota Parade	1 May 2006	233,000	232,000
Total		523,000	512,000

Note:

1 Purchase price consideration does not include transaction costs related to the acquisition.

9.5 Partitioning of Subang Parade

In accordance with the terms of the SPA for Subang Parade, 84.84% of the undivided share in the Master Land representing Hektar REIT's interest in Subang Parade will be transferred to the Trustee upon full payment of the purchase consideration, which will take place after listing of Hektar REIT on the Main Board of Bursa Securities. The remaining 15.16% of the undivided share in Master Land representing the HPSB's Land will not be acquired by Hektar REIT as the area is currently being used as a plant nursery and is non yielding.

HPSB undertakes to apply to the relevant authority for approval to Partition the Master Land and for the issue of the separate document of title to Subang Parade upon receipt of written notification that the Master Land has been duly registered in the joint name of HPSB and the Trustee as co-proprietors. In this respect, HPSB will use its best endeavours to ensure that a separate title to Subang Parade is issued as soon as practicable, and thereafter assist to register Subang Parade in the name of the Trustee.

9.6 Strata Titles on Subject Properties Not Issued

The strata titles to the Subject Properties have yet to be issued by the relevant authorities and the Subject Properties are currently not registered under the name of the Trustee. The Subject Properties are currently still held by the Vendors as the registered owners of the master titles to which the Subject Properties relate.

Pursuant to the terms of the SPAs, the Vendors undertake at their own cost and expense to submit, on behalf of the Trustee the application to the relevant authorities for the issuance of the strata titles for the individual units or lots already sold pursuant to the requirements of the STA and in accordance with provisions of the respective SPAs.

Under the terms of the SPA for Subang Parade, HPSB undertakes to submit the strata title application within 6 months from the date of issuance of the separate document of title to Subang Parade or such extended period as the parties may mutually agree in writing.

Under the terms of the SPA for Mahkota Parade, HBSB undertakes to submit the strata title application within 6 months from the date of completion of the sale and purchase i.e. the date of full payment of the consideration for such extended period as the parties may mutually agree in writing.

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9. SUBJECT PROPERTIES (Cont'd)

9.7 Management Discussion on the Fund's Future Potential

We will strive to plan, implement and supervise strategies, which will improve the financial performance of the Fund and overall, improve the yield of the Subject Properties. We believe the Subject Properties' future prospects rely on several initiatives including but not limited to, the implementation of its business model, the process of evaluating potential asset enhancements and the alignment of interests with the Fund's promoter and potential development of adjacent land bank(s).

(a) The Business Model

The first part of our business model will be to focus on the end-consumer. In Subang Parade's case, HPSB had identified the immediate demographic within the primary trade area as its target market, which consists of young families and working couples. Subsequently, Subang Parade has positioned itself as a suburban mall with a neighborhood focus, with the tenant mix and marketing targeted towards this particular consumer segment. Subang Parade was patronized by approximately over 5.7 million visitors in FYE 2005. In Mahkota Parade's case, given its central location and as the largest mall in Melaka, HBSB has positioned the property as the prime urban mall. Subsequently, Mahkota Parade's tenant mix and marketing targeted the regional population of Melaka and tourists. Mahkota Parade received approximately 8.0 million visitors in FYE 2005. Overall, the Subject Properties achieved higher occupancy rates than the national and state averages, and reached approximately 96.7% for both properties on a weighted NLA basis, as of 30 September 2006.

The second part of our business model will be its alignment of interests with its tenants. For the Subject Properties, HPSB and HBSB have respectively implemented a leasing strategy to include step-up and turnover rent provisions in new tenancies, where possible. A discussion of these provisions is provided in the section 7 entitled 'Investment Strategies' in this Prospectus. Step-up provisions ensure that tenants pay increasing base rental rates over the tenure of the tenancy. This disciplines tenant to factor in gradual rent increases in their business planning and may also provide for continued gradual increases of base rent at the end of each tenancy period. Turnover rent ensures that the Manager may receive a percentage of a tenant's sales or the base rent, whichever is higher. The rationale is that consumers are attracted to the shopping centre due to the tenant mix. Therefore, tenants are carefully selected by the Manager.

As a result, the turnover performance of a tenant can be impacted by our leasing decisions and promotional activities. We are motivated to promote the tenants whereby significant increases of the tenant's turnover performance will also benefit the Fund and us. The turnover rent provision also allows for the targeted use of promotional activities designed to help promote sales for respective tenants. The turnover rent provision provides that future rental income increases may be derived from improved turnover performances of the tenants and therefore, we are not solely dependent on base rental rate increases for growth.

Overall, step-up provisions exist in approximately 57.9% and turnover rent provisions exist in approximately 87.3% of the Subject Properties' tenancies. The continued increases of these figures may improve the potential growth prospects and yield for the Subject Properties.

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9. SUBJECT PROPERTIES (Cont'd)

(b) Potential Scope for Asset Enhancements and Refurbishment

We will continue to examine various initiatives to develop asset enhancement and refurbishment plans to improve the potential financial yield of the Subject Properties.

Currently for Subang Parade, HPSB is conducting the refurbishment (see Subang Parade's Asset Enhancements for more details). The comprehensive refurbishment of both the exterior and interior will update the property's profile and may elevate the property's image on par with some of the newer shopping centres in the Klang Valley. The effect of the potential improvement of the profile may include raising rental rates on par with other top shopping centres in the Klang Valley. Currently, some of Subang Parade's rental rates are lower compared to other competing shopping centres in the Klang Valley, thus allowing for the potential to increase in the future. Please refer to the "Independent Market Research Report" under Appendix VI of the Prospectus for more details on the market overview on comparative rental rates between Subang Parade and other shopping centres in the Klang Valley.

Subang Parade has a gross floor area of 1.2 million sq ft and a NLA of 472,709 sq ft, representing an approximate 39% usage efficiency as of 30 September 2006. The remaining area is used to create an ambient and conducive shopping environment for consumers with wide walkways and large central exhibition areas, as well as areas for storage space, service passageways and car park. There exists a wide scope for continued improvement of the centre by using previously unused storage space or underutilized passageways or corridors and converting them to NLA.

Mahkota Parade has a gross floor area of 1.1 million sq ft and a NLA of 471,417 sq ft, representing an approximate 43% usage efficiency as of 30 September 2006. As in Subang Parade, the remaining area is used to create an ambient and conducive shopping environment for consumers with wide walkways and large central exhibition areas, as well as area for storage, service passageways and car park. Consequently, there exists a wide scope for revitalising or creating NLA space from underutilized or unused storage space, passageways and corridors.

(c) Future Development(s) on Adjacent Land

The Subject Properties both have adjacent parcels of undeveloped land, which are either owned by the Fund or the Vendors.

Subang Parade has an adjacent undeveloped parcel of land measuring approximately 1.9 acres namely the HPSB's Land. HPSB's Land may be developed by HPSB for future commercial purposes, including additional retail space, car parking bays and service apartment, which may be complementary to Subang Parade. The Fund may purchase any property constructed on HPSB's Land, which may meet the criteria as set out in Investment Strategies under Section 7 of the Prospectus. HPSB has granted a right of first refusal for the Fund to acquire these suitable properties in the future, as they meet the criteria defined in Investment Strategies under Section 7 of this prospectus. As Subang Parade is running at approximately 98.5% occupancy (as of 30 September 2006), various expansion options have been examined by HPSB including but not limited to, or confirmed to, fashion-niches, teen youth-oriented offerings and entertainment venues.

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9. SUBJECT PROPERTIES (Cont'd)

Mahkota Parade's adjacent land parcel consists of an approximate 3-acre parcel of land, which currently serves as the outdoor car park. As Mahkota Parade is situated in the heart of the commercial district next to the historical area of Melaka, this undeveloped parcel of land may have commercial development potential in the future. As Mahkota Parade is running at approximately 94.9% occupancy (as of 30 September 2006), various expansion options have been examined by HBSB including but not limited to, or confirmed to, fashion-niches, entertainment options or expansion of anchor tenant space. Also, Mahkota Parade's top level (2nd floor) has foundation support for an additional level, which may be constructed for future expansion.

(d) Alignment of Interests Between The Hektar Group and The Fund

There is an alignment of interest between the Hektar Group and the Unitholders. The Hektar Group, after the listing, will retain approximately 50.16% of the Units and will remain as a significant investor in the Fund. The Hektar Group via its related company HKSB owns an 84-acre parcel of land in Nusajaya, Johor, which may be ideal for commercial development projects. The commercial developments may contain retail properties, which may be suitable investments for the Fund.

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10. ACQUISITION OF THE SUBJECT PROPERTIES

On 5 October 2006, the Trustee entered into the following SPAs for the Acquisitions:

- (a) conditional sale and purchase agreement with HPSB for the acquisition of Subang Parade for a purchase consideration of RM280,000,000; and
- (b) conditional sale and purchase agreement with HBSB for the acquisition of Mahkota Parade for a purchase consideration of RM232,000,000.

The acquisitions of Subang Parade and Mahkota Parade exclude a total area of approximately 47,256 sq. ft and 26,872 sq ft. sq ft. respectively, comprising individual units or lots already been sold to various purchasers.

10.1 Purchase Consideration

The total purchase consideration for the Acquisitions amounts to RM512,000,000 which shall be satisfied as follows:

- (a) issuance of 160,500,000 new Units in Hektar REIT to HPSB and HBSB at the issue price of RM1.00 per Unit (“Consideration Units”); and
- (b) cash payment amounting to RM351,500,000 to be collectively raised from the Public Offering and from new borrowings.

Details of the number of Units to be issued to each of the respective Vendors and their respective cash consideration pursuant to the Acquisitions are as follows:

Vendors	Subject Properties	Value of Units to be issued (RM)	Amount of cash to be paid (RM)	Purchase consideration (RM)
HPSB	Subang Parade	87,800,000	192,200,000	280,000,000
HBSB	Mahkota Parade	72,700,000	159,300,000	232,000,000
Total		160,500,000	351,500,000	512,000,000

The Acquisitions are expected to be completed in 5 December 2006, which shall be after the prospective listing date. As at the date of the Prospectus, the SPAs in relation to the Acquisitions are still conditional.

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10. ACQUISITION OF THE SUBJECT PROPERTIES *(Cont'd)*

10.2 Salient Terms of The Sale and Purchase Agreements

The principal terms of the SPAs are summarised below:

- (a) The Subject Properties acquired under each conditional SPAs comprise of the following:
 - (i) freehold / leasehold interest in the land;
 - (ii) all buildings on each of the Subject Properties (save and except for such individual units or lots already sold);
 - (iii) the various lifts and escalators, air-conditioning plants or units, equipment, machinery, fixtures, fittings and other chattels, movable or immovable on or in the respective Subject Properties which are beneficially and legally owned by the Vendors; and
 - (iv) interest, benefits and rights in all leases and tenancies which will be assigned to the Trustee on completion of the acquisitions.
- (b) The Subject Properties, excluding such individual units or lots already sold, will be transferred to the Trustee free from encumbrances of any kind (save for any encumbrances which are attributable to the financial institution financing the Acquisitions) and with all attached or accrued rights and benefits but subject to all expressed and implied conditions of title and restrictions in interest affecting each of the Subject Properties and subject further to all existing tenancies and licenses.
- (c) Specific representations and warranties about the Subject Properties, tenancies and leases are made by each of the Vendor of the Subject Properties.
- (d) The conditional SPAs for the Acquisitions are interdependent and the Trustee is not obliged to complete the purchase of any one of the Subject Properties unless the purchase of all the Subject Properties are completed unconditional under the respective conditional SPAs.
- (e) The Acquisitions are conditional upon the completion of the Public Offering and with regard to Mahkota Parade specifically, the approval of the State Authority for transfer of the same in favour of the Trustee being obtained.
- (f) On completion:
 - (i) all rights, title and interest in and to the Subject Properties (excluding the sold lots) and the risks relating to the Subject Properties (excluding the sold lots) shall pass from the Vendors to the Trustee on the completion date.
 - (ii) the parties shall execute the deed of assignment of all the existing tenancies and leases in favour of the Trustee which shall be effective immediately and the respective Vendors of the Subject Properties will pay over all security deposits paid to the Vendors;
 - (iii) the Trustee shall become entitled to all of the Vendors' rights, interest and benefits under the existing tenancies and leases;
 - (iv) the respective Vendors will hold all rentals due after the completion date on trust for the Trustee and immediately pay over the same together with all rental deposits to the Trustee;

10. ACQUISITION OF THE SUBJECT PROPERTIES (Cont'd)

- (v) the respective Vendors' rights, title, benefits, obligations and liabilities in relation to those individual units or lots already sold will be novated to the Trustee and the Vendors will pay over to the Trustee the building funds and any security deposits previously paid to the Vendors;
 - (vi) the respective Vendors will issue written notices to all the existing tenants and the owners of the individual units or lots already sold to inform them of the Trustee's interest in each of the Subject Properties; and
 - (vii) the Vendors of the Subject Properties will deliver to the Trustee all the completion documents in respect of the Subject Properties including an irrevocable power of attorney appointing the Trustee as attorney of the Vendors with full rights and power to deal with each of the Subject Properties.
- (g) In the event the Memorandum of Transfer cannot be registered in favour of the Trustee or is not valid or cannot be perfected for any reason whatsoever:
- (i) the respective Vendors will hold the Subject Properties as bare trustee for the Trustee and acknowledge that the Trustee is the rightful and beneficial owner of the Subject Properties on behalf of Hektar REIT;
 - (ii) the Trustee shall be entitled to deal with the Subject Properties as owner pursuant to the power of attorney granted in its favour in accordance with applicable laws;
 - (iii) the respective Vendors shall subrogate their benefits, right, interests, obligations and liabilities in respect of each of the Subject Properties to the Trustee; and
 - (iv) the respective Vendors will do such acts as the Trustee may reasonably require in order to effectively deal with the Subject Properties.

10.3 Other Terms With Regard To Subang Parade

- (a) Pursuant to the terms of the Sale and Purchase Agreement for Subang Parade, a portion of the Master Land measuring approximately 84,898.44 sq ft (1.949 acres) in area being the HPSB's Land is retained by HPSB for the purpose of future development.
- (b) To facilitate the issuance of a separate document of title to the Subang Parade by way of Partition, it is provided in the Sale and Purchase Agreement for Subang Parade that HPSB would execute and deliver to the Trustee the statutory form of transfer instrument for the purpose of effecting the transfer of 84.84% of the undivided share in the Master Land (representing the interest of Hektar REIT in respect of Subang Parade) in favour of the Trustee upon execution of the Sale and Purchase Agreement for Subang Parade.
- (c) HPSB shall at its own cost and expense submit the application for approval of the relevant authority for Partition of the Master Land and the issuance of the separate document of title to Subang Parade upon receipt of written notification that the Master Land has been duly registered in the joint name of HPSB and the Trustee as co-proprietors. If HPSB fails to take the necessary action to apply for Partition, the Trustee is entitled to take such steps as may be necessary to apply for Partition and for issuance of the separate document of title to Subang Parade. The Trustee is entitled to demand that the Vendor to reimburse to the Trustee/Hektar REIT all cost and expense incurred by the Trustee/Hektar REIT in relation to its application for Partition.

10. ACQUISITION OF THE SUBJECT PROPERTIES (Cont'd)

- (d) In the Sale and Purchase Agreement, HPSB has given its undertaking to indemnify the Trustee against all costs incurred by the Trustee and/or Hektar REIT for repair or rectification or reinstatement of the property or any part thereof so damaged or attributed to the proposed development on HPSB's Land. HPSB has also undertaken not to carry out any other developments on HPSB's Land without the prior consent in writing of the Trustee and in granting its consent, the Trustee shall be entitled to impose such terms and conditions as it deems fit.
- (e) In addition, HPSB has granted to the Trustee or Hektar REIT the first right of refusal to acquire part or whole of the proposed development or any other developments on HPSB's Land subject to such terms and conditions as the parties may mutually agree.

10.4 Islamic Financing Facility Taken To Part-Finance The Acquisitions

Hektar REIT has obtained from MBB an Islamic overdraft facility up to the maximum principal sum of RM184.0 million under the Syariah principles of Al-Murabahah. Following is the summary of information pertaining to the Islamic overdraft facility from MBB :-

Facility	Approved Limit	Purpose	Profit Rate		Tenure
Murabahah Overdraft	RM184.0 million	To part finance the Acquisitions	1 st year	0.50% + MBB's cost of fund	5 years
			2 nd year	0.75% + MBB's cost of fund	
			3 rd year	0.75% + MBB's cost of fund	
			4 th year	0.75% + MBB's cost of fund	
			5 th year	0.75% + MBB's cost of fund	

As security for repayment of the Islamic overdraft facility, a land charge in favour of MBB will be created over Subang Parade. Upon completion of the Sale and Purchase Agreement for Subang Parade, a the land charge will be presented for registration at the relevant land office together with the instrument of transfer in favour of the Trustee. To facilitate the release of the said facility, the existing charges created by HPSB over Subang Parade will remain registered on the Master Land until registration of the land charge. The existing charges will be discharged and released by MBB up full payment of the redemption sum due from HPSB to MBB and registration of the fresh land charge.

MBB will release the said facility upon satisfaction of all the conditions precedent for the said facility. Upon completion of the SPA for Subang Parade, a third party charge will be created over Subang Parade pending the Partition and issuance of a separate document of title to Subang Parade. To facilitate the release of the said facility, the existing charges created by HPSB over Subang Parade will not be discharged until registration of the third party charge.

Upon issuance of a separate document of title to Subang Parade, the third party charge created over Subang Parade will automatically become a First Party First Legal Charge over Subang Parade.

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11. THE MANAGER

11.1 Our Background Information

We were incorporated in Malaysia under the Act on 3 May 2006 as a private limited company under the name of Impiland Sdn Bhd. Our name was later changed to the present name on 2 August 2006. Our present authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up. Our principal activity is to manage and administer the Fund.

Presently, we have employed two (2) Executive Directors and three (3) key personnel. Hektar REIT is the only fund under our management. Notwithstanding the above, we have an experienced, professional and capable management team, which aims to achieve the investment objective of Hektar REIT by applying sound investment policies and strategies. The profiles of our Board and management team are set out in Section 11.4 and 11.5 respectively of this Prospectus. As at the LPD, our unit holding in the Fund is 1,000 Units.

11.1.1 Information on our controlling shareholder

HKSB is the holding company of the Manager. It was incorporated under the Act on 29 August 2001. Its present authorised share capital is RM25,000,000, comprising 25,000,000 ordinary shares of RM1.00 each, of which RM15,686,275 comprising 15,686,275 ordinary shares of RM1.00 each are issued and fully paid-up. HKSB is involved in property investment and management. It was founded by Dato' Jaafar bin Abdul Hamid who has had over three (3) years experience in the property industry. The core business of HKSB and its related companies includes property investment and management. HKSB's principal investment is an 84-acre land situated in Nusajaya, Johor of which currently 52 acres have been planned for the development of a commercial centre designated for retail purposes.

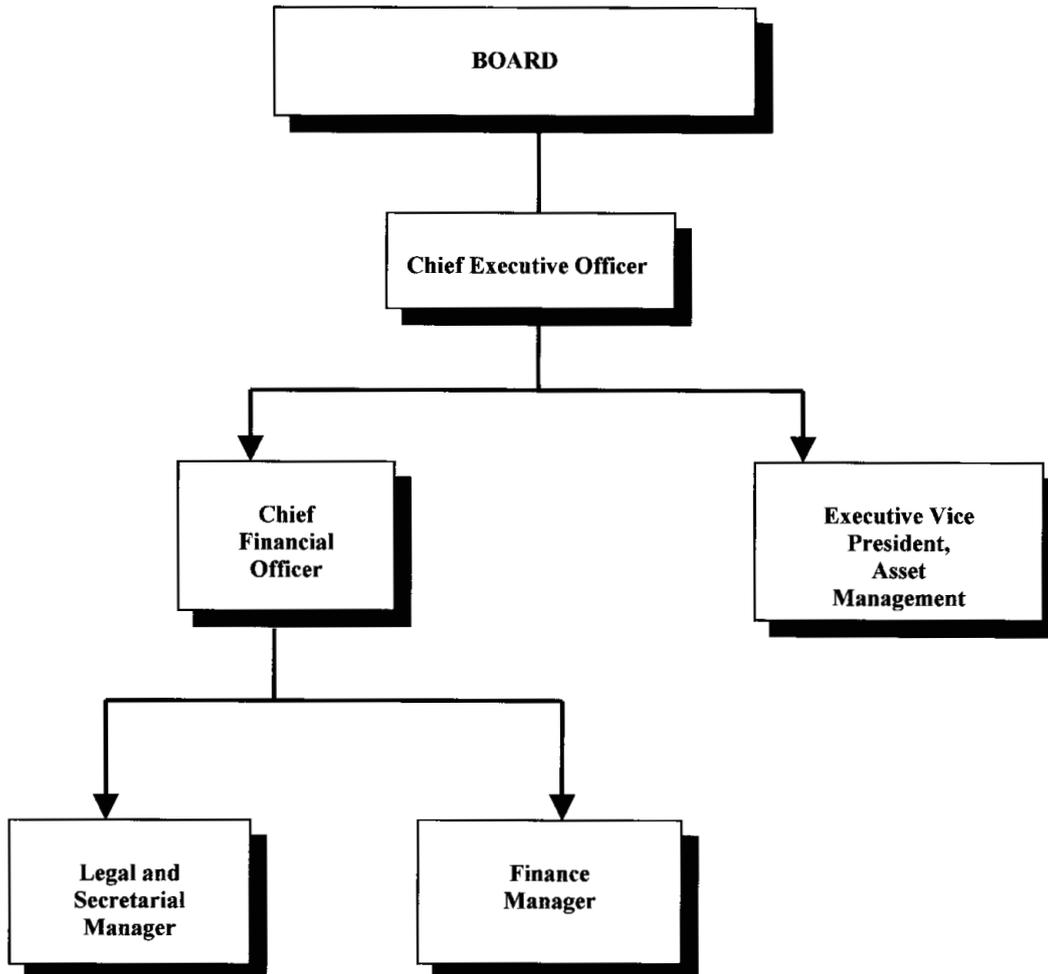
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11. THE MANAGER (Cont'd)

11.2 Our Organisation Structure

As Manager of the Fund, we shall, subject to the provisions of the Deed and the SC Guidelines on REITs, carry out all activities that may be deemed necessary for the management of the Fund and its business.

The following diagram sets out our operational structure:



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11. THE MANAGER (Cont'd)

11.3 Our Duties And Obligations

We shall be subject to the provisions of the Deed to carry out all activities as may be deemed necessary for the management of the Fund and its business. We shall be responsible for the day-to-day administration and business of the Fund, including but not limited to:-

- (a) determining the investment policies of the Fund;
- (b) formulating strategic direction of the Fund;
- (c) developing business plans for investment in the short, medium and long-term and the budgets of the Fund;
- (d) determining optimal and efficient capital structure to fund the investment, management and operations of the Fund;
- (e) formulating the Fund's risk management policies;
- (f) recommending acquisition, divestment or asset management of the assets of the Fund to the Trustee;
- (g) devising the leasing strategies, managing tenants and devising asset management strategies of the real estate assets and other assets of the Fund; and
- (h) maintaining communications and public relations with investors and Unitholders of the Fund as well as relevant authorities.

In addition, we have covenanted the following:

- (a) to manage Hektar REIT's assets and liabilities for the benefit of Unitholders;
- (b) to be responsible for the day-to-day management of Hektar REIT;
- (c) to carry out the activities in relation to the assets of Hektar REIT in accordance with the provisions of the Deed;
- (d) to set the strategic direction of Hektar REIT and submit proposals to the Trustee on the acquisition, divestment or enhancement of assets of Hektar REIT;
- (e) to issue an annual report and interim report of Hektar REIT to Unitholders within two (2) months of Hektar REIT's FYE and the end of the period it covers, respectively; and
- (f) to ensure that Hektar REIT is managed within the ambit of the Deed, the SCA, other securities laws, the Bursa Securities LR, the SC Guidelines on REITs and other applicable laws.

We may appoint a person, including our associate, as our delegate, attorney, agent or sub-agent to exercise our powers as Manager and perform our obligations in accordance with the SC Guidelines on REITs and the Deed. We shall ensure that the property management company possesses adequate human resources with the necessary qualifications, expertise and experience in real estate management and meet the requirements set out by the relevant authorities. We shall also ensure that all fees charged for the services provided by the property management company shall be reasonable and shall not exceed the scale of fees as prescribed in the VAEA Act.

Prior to any proposed delegation of a function by us, we must obtain an approval of the SC and/or the Trustee as required under the SC Guidelines on REITs.

11. THE MANAGER (Cont'd)

11.4 Our Board

The principal role of our Board is to ensure that the management and administration of the Fund is managed in a proper and efficient manner for the benefit of the Unitholders. Our Board sets strategic direction by making recommendations to the Trustee pertaining to acquisitions, divestments or enhancements of the assets to enhance the performance of the Fund in line with its overall strategy. Further, our Board ensures proper corporate governance is observed at all times in conducting our business as Manager. Board meetings shall be held formally once every quarter of the year and more frequently should circumstances require so.

The particulars of our Board are as follows:

Name	Nationality	Address	Position
Dato' Jaafar bin Abdul Hamid	Malaysian	71 Lake View Bungalow, Saujana Resort, Seksyen U2, 40150 Shah Alam, Selangor Darul Ehsan	Chairman and Chief Executive Officer
Zalila binti Mohd Toon	Malaysian	No. 1, Jalan Putra Bistari 2/1T, Putra Heights, 47650 Subang Jaya, Selangor Darul Ehsan	Executive Director and Chief Financial Officer
Shahril bin Kassim	Malaysian	No. 16, Jalan SS1/29, Kampung Tunku, 47300 Petaling Jaya, Selangor Darul Ehsan	Non-Executive Director
Dato' Syed Md Amin bin Syed Jan Aljeffri	Malaysian	27, Changkat Semantan, Off Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur	Independent Non-Executive Director
Dato' Lim Git Hooi @ Robert Lim	Malaysian	12A, Hala Raja Dihilir, 30350, Ipoh, Perak Darul Ridzuan	Independent Non-Executive Director

Dato' Jaafar bin Abdul Hamid is our Chairman and Chief Executive Officer. He holds a Bachelor of Science (Hons) in Engineering Production from the University of Birmingham, United Kingdom. He is founder and principal shareholder of the Hektar Group of companies and provides the leadership for the overall strategic direction of the group. He was formerly the Managing Director of United Engineers Malaysia Berhad ("UEM"), a public-listed corporation listed on the Main Board of Bursa Securities. During his tenure at the helm of the UEM group of companies, he was responsible for undertaking numerous privatisation projects including the North-South Expressway (Plus), the Malaysia-Singapore Second Crossing (Linkedua) and Integrated Schedule Waste Management (Kualiti Alam) and the National Sports Complex. After his UEM stint, he assumed the chairmanship of an international engineering and construction group, Costain Group PLC until 2000 and was involved in with its re-listing exercise on the London Stock Exchange. He was also actively involved in the privatisation of Syarikat Air Johor in his capacity as an advisor to Ranhill Utilities Berhad.

11. THE MANAGER (Cont'd)

Zalila binti Mohd Toon is our Executive Director and Chief Financial Officer. She holds a Master of Business Administration (Financial Studies) from the University of Nottingham, United Kingdom and a Company Secretarial Licence from the Companies Commission of Malaysia. She is also a member of Malaysian Institute of Corporate Governance. Puan Zalila spent twenty (20) years with Cement Industries of Malaysia Berhad (“CIMA”), a subsidiary of UEM Group, a public-listed corporation listed on Bursa Securities. In CIMA, she was in charge of both operational and corporate finance. During her tenure, she spearheaded various major corporate finance initiatives, including the issuance of Private Debt Securities (“PDS”) and the acquisition of Negri Sembilan Cement Industries Sdn Bhd. She was also involved in the collaboration with JP Morgan to internationalise the company’s market. Subsequently, whilst in Park May Berhad, she arranged for the issuance of PDS to refinance the existing high interest-bearing loans resulting in substantial savings to the company. She was also involved in the reverse take-over exercise of Park May Berhad before leaving for a brief stint in UEM Environment Sdn Bhd, a holding company of Kualiti Alam Sdn Bhd.

Shahril bin Kassim is our Non-Executive Director. He holds a degree in Electronics Engineering from Salford University, United Kingdom. He has had over twenty (20) years of experience with IBM Malaysia and Mesiniaga Bhd in various capacities such as sales, marketing, management and executive education for the government sector. During the course of his career, he has also been involved in organising, designing and facilitating executive strategy development for organizations to align their business strategy with Information and Communication Technology (“ICT”). He left IBM in 1999 and was a consultant to HeiTech Padu Berhad, a local ICT solutions provider until 2003.

Dato’ Syed Md Amin bin Syed Jan Aljeffri is our Independent Non-Executive Director. He is an Economics graduate from the University of Malaya, a Chartered Accountant with the Malaysian Institute of Accountants and the Canadian Institute of Chartered Accountants, a Certified Public Accountant with the Malaysian Institute of Certified Public Accountants and the Institute of Certified Public Accountants of Singapore, a Certified Financial Planner with the Financial Planning Association of Malaysia and a Fellow of the Malaysian Institute of Taxation. His extensive work experience includes stints with Esso in Malaysia and the United States of America, Touche Ross Canada and his own public accounting and consulting practices, AljeffriDean. He also sits on the board of Bina Darulaman Berhad, Tien Wah Press Berhad, LBI Capital Berhad, Seloga Holdings Berhad, Kulim Technologies Park Corporation Berhad, Mines City Hotel Berhad and several other private limited companies. He is a member of the Board of the Islamic University College of Malaysia, owned by the Malaysian Government. He is currently the President of the Kuala Lumpur Malay Chamber of Commerce and the Co-Chairman of the ASEAN Business Advisory Council. He is also a Council Member of the Malaysia-China Business Council and the East Asia Business Council and the Board of the Small and Medium Industries Development Corporation (“SMIDEC”). He is also a member of the Malaysian Honorary Council of the Federal Democratic Republic of Ethiopia. He was formerly the Secretary General of the ASEAN Chamber of Commerce and Industry.

Dato’ Lim Git Hooi @ Robert Lim is our Independent Non-Executive Director. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He was previously a partner in Ernst & Young and he is also an Independent Non-Executive Director of Gopeng Berhad, Choo Bee Metal Industries Berhad, YNH Property Berhad and Seloga Holdings Berhad, all of which are listed on Bursa Securities. He also holds directorship in several other private limited companies.

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11. THE MANAGER (Cont'd)

11.5 Our Management Team

The functions of our management team are summarised below:

Chief Executive Officer (“CEO”)

The CEO, who is also the Chairman, is responsible for the day-to-day operations of Hektar Asset Management and the Fund, and together with the Board shall determine the strategy of Hektar REIT. The CEO will also work with the other members of our management team to manage and operate Hektar REIT in achieving the Fund’s objectives in accordance with the Deed, SCA and SC Guidelines on REITs. In addition, the CEO’s responsibility will include planning the future strategic development and growth of Hektar REIT.

The CEO, together with the Board, will identify and evaluate potential acquisitions with a view to enhance the Fund. The CEO is responsible for the overall management, investment and asset management strategies as well as the strategic growth of Hektar REIT.

Chief Financial Officer (“CFO”)

The CFO is mainly responsible for financial matters relating to both Hektar REIT and Hektar Asset Management, in particular the financial performance and indicators of the investments of Hektar REIT.

The CFO serves as the communication liaison with the Unitholders, analysts and potential investors. This investor-relations role, which is being assisted by the Legal Manager, includes the following:

- develop and oversee the investment strategy of Hektar REIT;
- to serve as the main liaison person with current and potential investors;
- ensure adherence to all regulatory and statutory requirements.
- providing customer service to Unitholders;
- maintaining continuous disclosure and communication to Unitholders, public and potential investors; and
- together with the officers of Hektar Asset Management, promote and market Hektar REIT to investors and the media through regular communications and road shows.

Executive Vice President, Asset Management

The Executive Vice President of Asset Management shall be responsible in monitoring and liaising with the Property Management Company to ensure the proper and timely discharge of its duties. The responsibilities of the Asset Manager shall encompass the following:

- develop business plan and strategy in enhancing the value of the assets;
- manage and supervise the services of the Property Management Company and other service providers;
- ensuring timely collection of all rental incomes;
- attend to and ensuring all the tenants’ complaints are attended to in a timely manner;
- ensuring the proper and timely execution of all repairs and maintenance works;
- monitoring and renegotiating/renewing/seeking new tenants for the expiring leases;
- maintaining good and cordial relationship with the tenants; and

11. THE MANAGER (Cont'd)

- ensuring that payment of the utility bills, sewerage, general upkeep and maintenance charges are settled by the tenants on time.

Legal and Secretarial Manager

The Legal and Secretarial Manager is mainly responsible for legal matters relating to both Hektar REIT and Hektar Asset Management.

The Legal and Secretarial Manager's key roles include the following:

- overseeing the preparation of legal documents in relation to property acquisition, disposal, tenancy, lease and borrowings;
- ensuring the Fund's compliance with the Deed, SCA and SC Guidelines on REITs and all other relevant laws when entering into any contract;
- advising the Executive Directors and the Board on any legal matters pertaining to Hektar REIT;
- managing legal documents and documentation including plans and drawings relating to all investments of Hektar REIT; and
- assisting the CFO in the investor-relations affairs.

Finance Manager

The Finance Manager's key roles include the following:

- preparing monthly and annual budgets for effective and efficient management and operations of the Fund;
- projection of rental returns, accounting for rental collections and operating expenses incurred in the course of managing and operating all investments of Hektar REIT;
- managing rental collections, and operating and property expenses;
- managing all tax affairs;
- overseeing accounts and annual reports preparation, capital management, performance analysis and reporting, corporate treasury functions, dividend distributions and ongoing financial market analysis; and
- timely release of quarterly and yearly results to Bursa Securities after the necessary approval from the Board.

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11. THE MANAGER (Cont'd)

The profiles of our management team are as follows:

Dato' Jaafar bin Abdul Hamid. Please refer to Section 11.4 of this Prospectus for the portfolio of our Executive Director.

Zalila binti Mohd Toon. Please refer to Section 11.4 of this Prospectus for the portfolio of our Executive Director.

Christopher Angus Mears is our Executive Vice President of Asset Management. He holds a Bachelor of Arts (Communication and Public Relations) degree from the University of Canberra, Australia. He also holds an Advanced Certificate in Property Agency from Technical and Further Education (TAFE) College. He possesses over seventeen (17) years of comprehensive property management, leasing and marketing experience at regional shopping centres, office buildings and community shopping centres ranging in size from 11,000 sq m to 65,000 sq m in Australia and Asia. He is not unfamiliar with the Malaysian retailing scene, having been directly responsible for a development portfolio in Malaysia including mixed-use developments with a focus on retail and office, and hotel and serviced apartment concepts. Previously, he was Leasing Manager with Stockland Properties, a public-listed Limited Property Trust in Australia, where he was managing the leasing of four major shopping centres, Stockland, Townsville and Cairns, City Centre Plaza in Rockhampton and Kinkora Centre in Gladstone, which represented almost half of Stockland Properties's retail portfolio at that time.

Zarina Halim is our Legal and Secretarial Manager. She graduated from the University of Manchester, United Kingdom with a Bachelor's degree in Accounting and Finance in 1993. She was with the United Engineering Malaysia Berhad ("UEM") Group of Companies for nine (9) years. She was Head of Corporate Affairs and Business Development in Prolink Development Sdn Bhd, the UEM Group's subsidiary responsible for the development of Malaysia's Singapore Second Crossing (MSSC) township, Bandar Nusajaya. Her notable experience at Prolink included the implementation of corporate land sales to the value of over RM1 billion and the successful restructuring of Prolink's debt obligations under Danaharta. She then moved on to head the Business Development unit at OptixLab Sdn Bhd which was mainly responsible for the sourcing and implementation of Information and communications technology related investments as well as the company's strategic marketing initiatives.

Raziff Suhairi bin Shaaban is our Finance Manager. He holds a Bachelor of Commerce (Accounting and Finance) degree from the University of Queensland, Australia. He served in Renong Berhad (now United Engineering Malaysia Berhad) for five (5) years from 1997, mainly handling the privatization exercise of Keretapi Tanah Melayu Berhad. The privatization exercise included the divestment of subsidiaries and realignment of business units. Subsequent to that, he served in Park May Berhad for two (2) years as the Manager of Group Finance and Corporate Affairs. In addition to his role in operational finance, he was also involved in various corporate asset divestment programmes as well as the reverse take-over exercise of a public-listed company. In 2004, he joined TIME Engineering Berhad (TIME) as the Manager of Corporate Finance. He was involved in the issuance of the world's first RM2.5 billion Sukuk Musyarakah Asset-Backed Securities Programme. He also initiated the refinancing exercise of TIME's RM550 million term loan, as well as overseeing RM400 million worth of trade finance activities with regard to TIME's project with the Ministry of Education.

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11. THE MANAGER (Cont'd)

11.6 Unitholdings Of The Vendors, Our Substantial Unitholders, Our Directors And Our Key Personnel

Prior to the date of this Prospectus, there were only 1,000 Units in circulation, all of which were held by us as promoter units. We will dispose all of these units immediately upon listing of Hektar REIT.

Dato' Jaafar bin Abdul Hamid and Shahril bin Kassim are also the common directors and common shareholders of HBSB and HPSB.

The interests of the Vendors, our substantial Unitholders, Directors and key personnel in Hektar REIT after the Public Offering and the Acquisitions by the Fund are as follows:

	Proforma after the Public Offering and the Acquisitions			
	<-----Direct----->		<-----Indirect----->	
	No of Units	%	No of Units	%
Substantial Unitholders:				
HBSB	72,700,000	22.72	-	-
HPSB	87,800,000	27.44	-	-
Dato' Jaafar bin Abdul Hamid	2,050,000 [^]	0.64	160,500,000 ¹	50.16
Executive Directors:				
Dato' Jaafar bin Abdul Hamid	2,050,000 [^]	0.64	160,500,000 ¹	50.16
Zalila binti Mohd Toon	350,000 [^]	0.11	-	-
Non-Executive Directors:				
Shahril bin Kassim	250,000 [^]	0.08	-	-
Other Key Personnel:				
Christopher Angus Mears	350,000 [^]	0.11	-	-
Zarina Halim	100,000 [^]	0.03	-	-
Raziff Suhairi bin Shaaban	100,000 [^]	0.03	-	-

Notes:

[^] Including their allocation pursuant to the allocation to eligible directors, employees and business associates of Hektar Group.

¹ Deemed interested by virtue of his substantial shareholdings of more than 15% in HBSB and HPSB pursuant to Section 6A of the Act.

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11. THE MANAGER (Cont'd)

11.7 Our Financial Position

We were incorporated on 3 May 2006 and our first financial year-end is expected to be 31 December 2007. Hence, no audited accounts are available to date. Notwithstanding the above, we have the financial capabilities and resources to carry out our duties as the Manager.

11.8 Our Fees

In accordance with the Deed, our management fees consist of a base fee of up to 1% per annum of the GAV of the Fund (excluding GST) and performance fees of up to 5% of NPI before deducting the property management company's fee (excluding GST), payable monthly in arrears and accrues daily, calculated at the end of each month and will be paid to us within seven (7) days of the end of each month.

However, for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009, our fees shall consist of base fee of 0.25% per annum of the GAV of the Fund (excluding GST) and performance fee of 3.5% per annum of the NPI, before deducting the property management company's fee (excluding GST).

Other fees comprise the following:

- (a) acquisition fee of up to 1.0% of the acquisition value of any Hektar REIT's assets being the real estate or any unlisted company whose principal assets are real estate, purchased by the Trustee for the Fund; and
- (b) divestment fee of up to 0.5% of the disposal value of any Hektar REIT's assets being real estate or unlisted company whose principal assets are real estate, sold or diversified by the Trustee.

There will be no payment due to us by way of remuneration for our services upon the subscription for or the sale of Units and upon any distribution of income and capital or otherwise.

Our management fees may only be varied upwards with the prior approval of the Unitholders by way of a resolution of not less than 2/3 of all Unitholders for the time being or such other majority as may be required under the SC Guidelines on REITs.

Save for the expenses incurred for the general overheads and costs for services which we are expected to provide and falling within our normal expertise, we have the right to be reimbursed the fees, costs, charges, expenses and outgoings incurred by us that are directly related and necessary to the business of the Fund.

11.9 Our Retirement, Removal Or Replacement

We may retire as Manager of Hektar REIT at any time by giving six (6) months' written notice (or any shorter period agreed by the Trustee) to the Trustee.

If we;

- (a) have ceased to exist; or
- (b) have not been validly appointed; or
- (c) are not eligible to be appointed or to act as management company pursuant to section 98 of the SCA; or
- (d) fail or refuse to act as management company in accordance with the provisions or covenants of this Deed or the provisions of the SCA; or

11. THE MANAGER *(Cont'd)*

- (e) have gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or have ceased to carry on business; or
- (f) are under investigation for a conduct that contravenes the Companies Act, 1965 or any Securities Law; or
- (g) are required to be removed by the SC or are required to be removed pursuant to the provisions of the REIT Guidelines; or
- (h) are required to be removed by the Unitholders by way of Special Resolution passed at a meeting of Unitholders convened for that purpose on grounds that we are in breach of our obligations under this Deed and we have failed to remedy the breach despite the request from the Trustee to remedy the same.

The Trustee may as soon as practicable after becoming aware of any of the above events take all reasonable steps to have us removed from office and appoint a replacement management company which is eligible to be appointed to act as management company under the SCA and which has been approved by the SC.

11.10 Corporate Governance

Our Board shall ensure that the Manager apply the principles of good corporate governance, guided by the Malaysian Code of Corporate Governance, SC Guidelines on REITs and Bursa Securities LR. Our Board is ultimately responsible for the stewardship, direction, and policies of our resources. It focuses mainly on strategies, financial performance and key business issues.

(a) Board Composition

Our Board currently has five (5) directors, comprising two (2) Executive Directors, one (1) Non-Executive Non-Independent Director and two (2) Independent Directors.

Our Executive Directors, comprising the CEO/Chairman and the Executive Director/CFO have delegated authority from, and are responsible to our Board for directing and promoting the profitability, operation and development of Hektar REIT. The Executive Directors are obliged to refer certain major decisions back to our Board.

The roles of Executive Directors and Independent Directors are clearly defined and demarcated, both having fiduciary duties to the Unitholders. However, Executive Directors have direct responsibility for business operations whereas Independent Directors have the responsibility to bring independent and objective judgment to bear on Board decisions.

(b) Appointments of new Directors to the Board

We have in place, a rigorous and transparent process in the appointment of new Directors to our Board. The CEO/Chairman initiates the process by recommending a particular candidate. Our entire Board will subsequently deliberate on the suitability of the candidate before any decision is made.

(c) Board meetings

Our Board meetings will be held at least four (4) times a year to review Hektar REIT's business operations, approve quarterly and annual financial statements, as well as attend to critical matters arising.

(d) Directors' Remunerations

In line with its commitment to develop a dynamic performance culture, we have adopted a remuneration policy that will attract and retain people of the quality necessary to ensure the management of Hektar REIT is carried out in an efficient, effective and conscientious manner.

11. THE MANAGER (Cont'd)

In essence, the remuneration policy for Executive Directors is designed to align individual and team reward with business performance while the policy for Non-Executive Directors is designed to commensurate with industry insight and experience being brought to the Board.

(e) Internal Control

Our Board has the overall responsibility for the system of internal control. The system aims to safeguard Unitholders' investments and Hektar REIT's assets, ensure that financial statements are prepared in accordance with Malaysia's approved accounting standards and that the financial reporting is presented in a balanced and understandable manner with regard to Hektar REIT's financial position and prospects.

The system is also designed to provide reasonable assurance of effective operations and compliance with laws and regulations. However, any system of internal control can only provide reasonable, not absolute, assurance against misstatement or loss.

11.11 Our Powers To Remove Or Replace The Trustee

If the Trustee:

- (a) has ceased to exist; or
- (b) is not validly appointed; or
- (c) is not eligible to be appointed or to act as trustee pursuant to Section 99 of the SCA; or
- (d) fails or refuses to act as trustee in accordance with the provisions or covenants of this Deed or the provisions of the SCA; or
- (e) has a receiver appointed over the whole or a substantial part of its assets or undertaking and the Trustee has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- (f) is under investigation for a conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Act or any Securities Law.

we shall, as soon as practicable after becoming aware of any of the above events take all reasonable steps to remove the Trustee from its appointment by way of Special Resolution passed at a meeting of Unitholders convened for that purpose and appoint a replacement trustee which is eligible to be appointed to act as trustee under the SCA and which has been approved by the SC.

11.12 Our Relationship With The Vendors

Subang Parade and Mahkota Parade will be purchased from HPSB and HBSB respectively, pursuant to the SPAs dated 5 October 2006 entered into between the Vendors and the Trustee. HPSB and HBSB are connected to HKSB, our holding company by virtue of common directors and common shareholders.

Dato' Jaafar bin Abdul Hamid and Shahril bin Kassim are both common directors and shareholders of HKSB, HBSB and HPSB.

11. THE MANAGER (Cont'd)

11.13 Potential Conflict Of Interest And Related Party Transaction

In accordance with the Deed, the prior approval of the Trustee is required for inter-alia, acquisitions and disposal of real estate assets between related parties as provided for under Chapter 10.05 of the SC Guidelines on REITs. In the event that the related party transactions exceed the allowable premiums/discounts for the proposed acquisitions/disposals, Unitholders' approval are also required for such related party transactions and we, our related corporations and associated persons are not allowed to vote in such transactions. Related corporations shall have the meaning given in Section 6 of the Act and associated persons shall have the meaning given in Section 3 of the Securities Industry Act, 1983.

Further, the Deed also provides that we and any of our delegates should avoid conflicts of interests arising or if conflicts of interests arise, we should ensure that such transactions are on terms that are not more favourable than to independent parties and are at arm's length basis to such related parties.

As at the LPD, save as disclosed below and in Section 11.12 above, there is no existing or proposed transaction between Hektar REIT, the Vendors and ourselves, as the Manager:

- A license agreement dated 19 October 2006 entered into between HBSB and the Trustee, whereby the Trustee agreed to grant to HBSB a license to operate a beverage kiosk at the food court of Mahkota Parade at a license fee computed at a rate of 30% per annum of the gross beverage revenue for a term of three (3) years.
- A master license agreement dated 19 October 2006 entered into between the Manager and the Trustee in respect of identified common areas comprised in the Subject Properties where kiosks and open booths are erected or to be erected for purposes of carrying out various retail business activities ("the Premises"). Under the terms of this agreement, the Manager is entitled to grant a sub-license to any third party to use part or all the Premises subject to payment of a reasonable sub-licensee fee by the sub-licensees.

11.14 Existing And Proposed Related Party Transactions

Save as disclosed in Sections 11.12 and 11.13 above, there are no existing and proposed related party transactions.

11.15 Our Policy In Dealing With Conflict Of Interest Situation

All transactions carried out for or on behalf of Hektar REIT are to be executed on terms that are the best available for the Fund and with terms that are no less favourable than on an arm's length transaction between independent parties.

The Deed provides that:

- (i) we and any of our delegates should avoid conflicts of interest. Should a conflict of interest arises, we should ensure that such a transaction would not disadvantage the Fund;
- (ii) any event or transaction in which a conflict of interest arises or could arise should be adequately disclosed in this Prospectus and/or reports of the Fund;
- (iii) cash or other liquid assets of Hektar REIT may only be placed in a current or deposit account with any party related us or any of our delegates if the party is a licensed institution or other institution licensed or approved to accept deposits and the terms of the deposit are the best available for the Fund and are no less favourable than an arm's length transaction between independent parties. In this context, "related" refers to a relationship where there is one common director and / or shareholder in both entities;

11. THE MANAGER (*Cont'd*)

- (iv) except as permitted under the Deed and the relevant laws, we may not act as principals in the sale and purchase of real estate, securities and any other assets to and from the Fund. 'Acting in principal' includes a reference to dealing or entering into a transaction on behalf of a person associated with us, acting on behalf of a corporation in which we have a controlling interest in or us acting on behalf of a corporation in which our interest and the interests of our directors together constitute a controlling interest;
- (v) we must not, without the prior approval of the Trustee, invest any monies available for investment under the Deed in any securities, real estate or other assets in which we or any of our officers have a financial interest or from which we or any of our officers derives a benefit;
- (vi) we must not make improper use of our position in managing Hektar REIT to gain, directly or indirectly, an advantage for ourselves or for any other person or to cause detriment to the interests of the Unitholders;
- (vii) the appointment or renewal of appointment of any delegate who is a related party must be made on terms which are the best available for the Fund and which are no less favourable to Hektar REIT than an arm's length transaction between independent parties and be approved by our independent directors;
- (viii) we or the Trustee or any delegate thereof shall not retain any rebate from, or otherwise share in commission with, any broker/dealer in consideration for directing dealings in assets of the Fund. Accordingly, any such rebates or share commissions shall be directed to the account of the Fund;
- (ix) notwithstanding the above, goods and services ("soft commissions") from any broker may be retained by us or any delegate thereof, but only if the goods and services are of demonstrable benefit to the Unitholders and:
 - a. dealings by the broker/dealer for the Fund are executed on terms which are the best available for the Fund ("best execution basis");
 - b. our or delegate's intention to, or practice of, retaining soft commissions is adequately disclosed in the Prospectus; and
 - c. our or delegate's soft commission practices are adequately disclosed in the Prospectus and reports of the Fund and in the case of the latter, shall include a description of the goods and services received.

Presently, our Board consists of two (2) independent members, and we shall maintain a minimum ratio of at least one-third independent members at all times. For matters in which any of our Director or persons connected to him/her has an interest, whether directly or indirectly, the aforesaid Director will abstain from voting.

11.16 Registrar

We have entered into an agreement on 10 November 2006 to delegate the function of registrar of the Fund to Mega Corporate Services Sdn Bhd.

The Registrar was incorporated in Malaysia under the Act on 13 October 1989 as a private limited company under its present name. As at 12 October 2006, the issued and paid-up share capital of Registrar stood at RM10,000 comprising 10,000 ordinary shares of RM1.00 each. The Registrar is principally involved in the provision of corporate secretarial and share registration services.

11. THE MANAGER (Cont'd)

The Registrar shall be providing, inter alia, the following services to Hektar REIT:

- maintenance and updating of the Register of Unitholders;
- attending to correspondence, enquiries and requests from Unitholders and client;
- perform depository compliance related matters for Hektar REIT;
- perform duties related to distribution payments;
- provide facilities for despatch of circulars, notices and reports to Unitholders;
- preparing analysis of unitholdings for Hektar Asset Management, Bursa Securities and other regulatory bodies;
- maintaining the Register of Unclaimed Moneys and monitoring submission of Form UMA in compliance with the Unclaimed Moneys Acts, 1965 (amendments 1989); and
- processing of the corporate exercises of the Fund including issuance of units.

11.17 Our Policy On Rebates And Soft Commissions

It is our policy to channel all rebates or soft commissions arising from direct dealings in the investments of Hektar REIT directly to the Fund's account.

Notwithstanding the above, we or any of our delegates may retain goods and services ("soft commissions") from any broker, where the soft commissions are of demonstrable benefit to the Unitholders and the dealings are executed on terms which are best available for the Fund.

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12. THE PROPERTY MANAGEMENT COMPANY

12.1 Background Information

We had on 19 October 2006 appointed Izrin and Tan Properties Sdn Bhd as the PMC. Izrin & Tan Properties Sdn Bhd is a professional valuation company with its head office located in the Klang Valley and its northern branch office in Butterworth, Penang.

It was incorporated in Malaysia under the Act on the 31 December 2002 and is registered under the VAEA Act to practice property management, property valuation and real estate agency under the registration number VE(1) 0152. Its authorised and issued and paid-up share capital is RM150,000 comprising 150,000 ordinary shares of RM1.00 each.

The PMC's principal areas of practice include:

- valuation services;
- real estate agency;
- Property management; and
- Property consultancy.

Izrin and Tan Properties Sdn Bhd is strictly a fee based property management company without competing interest in property holdings. It is an independent, unaffiliated corporation with no ownership interest in property assets it manages. Therefore, its services are provided without inherent conflict of interest.

12.2 Experience In Property Management

The property management arm of the PMC specialises in the provision of comprehensive facility management services for completed apartments, condominiums, office buildings and shopping complexes. Comprehensive facility management services involve the provision of an integrated range of services.

The PMC has positioned itself to provide a one-stop solution to facilitate management of properties which includes the following services:-

- maintenance and management of the electrical and mechanical systems of the building including audio visual services, master antenna television and closed circuit television;
- maintenance and management of the civil and structural requirements of the building;
- managing the energy and utilities consumption;
- managing the vertical transportation facilities of the building;
- managing the security and safety of the building;
- provision of a central management maintenance system;
- coordinating the maintenance and inspection of the fire fighting and prevention equipment and systems;

12. THE PROPERTY MANAGEMENT COMPANY *(Cont'd)*

- provision of landscaping and grounds care services for the creation of a healthy, safe and pleasant green environment and space by incorporating hard and soft landscapes which are properly designed, implemented and managed;
- management, control and maintenance of the climate (temperature) level in the building; and
- cleaning and housekeeping services.

The key personnel of the PMC have an average of 16 years experience in real estate management.

Presently, the PMC's staff strength comprises two (2) executive directors and eight (8) experienced staff. Profiles of the key personnel of the PMC are set out in Section 12.6 below.

12.3 Properties Under Property Management Company

The PMC currently manages Taman Seri Murni Phase 1 & 3, Villa Danau Condominium and Sri Angsana Hilir Condominium with a total NLA of approximately 1.2 million sq ft.

The key personnel of the PMC have been involved in the management of the following properties:-

Properties	Location
Pelangi Indah	Jalan Ipoh, Kuala Lumpur
OUG Condominium	Bukit OUG, Kuala Lumpur
Taman Batu Bukit	Tanjong Tokong, Pulau Pinang
Desa Bukit Jambul	Pulau Pinang
Sri Relan Complex	Pulau Pinang

The primary objective of property management is to maintain the pristine condition of the building and its property and thereby improving its capital value over time. The solutions offered by the PMC are tailored to the client's needs and are focused on achieving convenience, cost savings and energy conservation.

12.4 Role Of The Property Management Company

The PMC will provide, amongst others, the following services:

- (a) recruit and supervise all relevant personnel required to properly manage, operate, market and maintain the Subject Properties in accordance with the standards prescribed in the Property Management Agreement;
- (b) provide customer care and prompt attention to any enquiry by tenants on the property management of the Subject Properties ;
- (c) advise and assist in the marketing of space in the Subject Properties and the acquisition and disposal of properties;
- (d) manage and monitor the upgrading, refurbishment, retrofitting and renovation works of the Subject Properties;
- (e) bill and collect for and on behalf of the Trustee, all monies due for payment in respect of the Subject Properties including but not limited to monthly rental from each tenant and deposit into the Trustee's account held;

12. THE PROPERTY MANAGEMENT COMPANY (Cont'd)

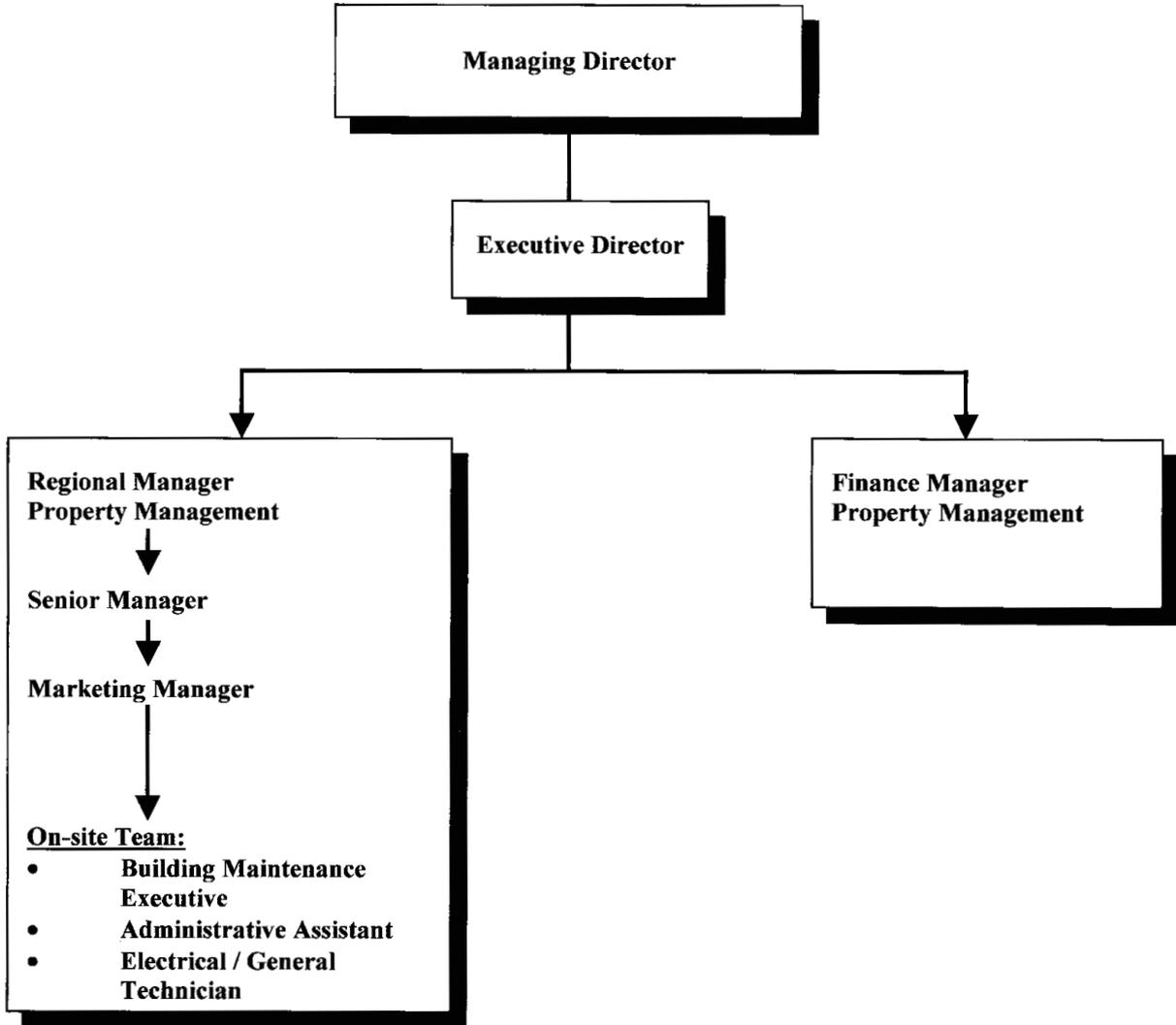
- (f) manage, supervise, co-ordinate and monitor all the works of the building services contractors to ensure that such works are competently carried out to the expected global standards and best practices;
- (g) prepare and plan annual maintenance budget and undertake physical inspection of the properties;
- (h) prepare monthly and annual property management and maintenance report; and
- (i) liaise with all the relevant authorities to ensure that the Subject Properties meet all statutory requirements and regulations.

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12. THE PROPERTY MANAGEMENT COMPANY (Cont'd)

12.5 The Operational Structure Of The Property Management Company

The following diagram sets out the operational structure of the PMC:



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12. THE PROPERTY MANAGEMENT COMPANY *(Cont'd)*

12.6 Key Personnel Of The Property Management Company

The profiles of the key personnel of the PMC are as follows:

Nor Izrin binti Md Isahak is the Managing Director of the PMC. She graduated with a Bachelor in Property Management and Valuation (Hons) from University Teknologi Malaysia. She also has a Masters in Property Valuation and Law from the City University in London, United Kingdom. She is a Registered Valuer, Registered Property Manager and Registered Estate Agent under the Board of Valuers, Appraisers and Estate Agents, Malaysia. She is a Fellow of the Institution of Surveyors Malaysia and was a Vice President of the Association of Valuers and Property Consultants in Private Practice Malaysia. Izrin has sixteen (16) years experience both in public and private sectors. She served Dewan Bandaraya Kuala Lumpur for three (3) years in the valuation department and was also a practicing valuer with Messrs. Colliers Jordan Lee and Jaafar for four (4) years. Apart from Izrin & Tan Properties Sdn Bhd, she also sits on the Board of Pakatan International, a well-established firm for quantity surveyors, building costs consultants, building economist and project managers.

Tan Chai Liang is the Executive Director of the PMC. He graduated with a Bachelor in Property Management and Valuation (Hon) from University Teknologi Malaysia. He is a Registered Valuer, Registered Property Manager and Registered Estate Agent with the Boards of Valuers, Appraisal and Estate Agents Malaysia. He is a member of the Institution of Surveyors Malaysia. He has sixteen (16) years experience in the property sector. He started his career with Messrs. Colliers Jordan Lee and Jaafar in Johor Bahru and then moved on to Messrs. Jones Lang Wotton as a senior valuer. Thereafter he moved to the corporate section at Aseania Development Sdn Bhd, a subsidiary company of Gold Bridge Engineering and Construction Bhd which is listed on the Main Board of Bursa Securities.

Ng Bu Tee is the Regional Manager of the PMC. He has vast experience managing properties for the past twenty (20) years. He has managed key portfolios within MBF Property Services Sdn Bhd in a managerial capacity. With the formation of Binanamik Building Services Sdn Bhd (a management company associated with MBF Property Services Sdn Bhd) in late 2001, he was entrusted with the additional task of setting up the operational structures and procedures for the new company. He was previously involved in the management of Pelangi Indah, OUG Condominium, Taman Batu Bukit, Desa Bukit Jambul and Sri Relan Complex.

Johari Bin Mohd Din is the Senior Manager of the PMC. He has a Diploma in Estate Management from John Moore University, United Kingdom, Diploma in Electrical Power Engineering from Polytechnic Ungku Omar and a Certificate in Occupational Safety and Health from the National Institute of Occupational Safety and Health, locally. He has served companies such as Azmi & Co. Property Services Sdn Bhd, MN Koll Sdn Bhd and Malaysia British Assurance Berhad. He was previously involved in the management of Pelangi Indah, OUG Condominium, Taman Batu Bukit, Desa Bukit Jambul and Sri Relan Complex.

Kwan Kin Kheong is the Finance Manager of the PMC. His previous work experiences include that as the senior accountant for a public-listed company in the information and technology industry and accounts manager in the building division for a building management company that manages numerous projects throughout Kuala Lumpur and Penang.

Irene Schumacher is the Marketing Manager of the PMC. She is a graduate from Cambridge University, United Kingdom and the Institute of Administrative Management, New York. She has experience in dealings with property management in Malaysia and abroad for over ten (10) years.

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12. THE PROPERTY MANAGEMENT COMPANY (Cont'd)

K.S. Nair is the Building Maintenance Executive of the PMC. He is a qualified Life and General Insurance practitioner. He began his career in the mid-1980's and has worked for a number of property management companies in managerial capacities which include, Dipri Trading Sdn Bhd, Jones Lang Wotton, OSK Realty Sdn Bhd, Henry Butcher Property Services, Yakin Molek Sdn Bhd and Binanamik Building Services Sdn Bhd.

12.7 Property Management Company's Fee

The PMC is entitled to receive the following fee for managing the Subject Properties:

- In respect of the first RM30,000 of the gross annual rental income from the Subject Properties, 5% per annum of such gross annual income;
- In respect of the residue up to RM100,000 of the gross annual rental income from the Subject Properties, 3% per annum of such gross rental income; and
- In respect of the residue over RM100,000 of the gross annual rental income from the Subject Properties, 2% per annum of such gross annual rental income.

The above fee is payable monthly in arrears by Hektar REIT to the Property Management Company. The cost of the provision of on-site staff at the Subject Properties by the Property Management Company will also be borne by Hektar REIT.

12.8 Salient Terms Of The Property Management Agreement

The salient terms of the Property Management Agreement are summarized below:

- (a) The PMC shall carry out the role and scope of work as Property Management Company as summarized in Section 12.4 above.
- (b) Subject to the rights of termination under the Property Management Agreement, the Property Management Company is appointed for three (3) years from the date of completion of the Acquisitions ("Management Period") and its appointment may be renewed at the expiry of the Management Period.
- (c) Either party may terminate the Property Management Agreement upon the occurrence of, among others any of the following events and by the serving of three (3) months' prior written notice to the other party:
 - (i) either party is wound up or liquidated save for the purposes of restructuring;
 - (ii) either party breaches any term of the Property Management Agreement which, in the case of a breach capable of remedy, shall not have been remedied by the party concerned after the receipt of a notice from the other party specifying the breach and requiring its remedy within thirty (30) days;
 - (iii) a receiver, administrator, manager, receiver and manager or agent is appointed to administer either party or any undertaking or property of the other party or any encumbrances is validly entitled to exercise any power to sell over any part of the undertaking or property of the relevant party; and
 - (iv) a provisional liquidator or liquidator is appointed in respect of either party.
- (d) The Manager may terminate the Property Management Agreement by giving six (6) months' prior written notice or such other period as agreed between the parties.

12. THE PROPERTY MANAGEMENT COMPANY (Cont'd)

- (e) In providing the property management services under the Property Management Agreement, the Property Management Company undertakes that it will not transfer its appointment as provided under the Property Management Agreement, assign or delegate any of its duties in any way without seeking and obtaining prior written consent from our Company. Even if we shall agree to allow the Property Management Company to assign or delegate any of its duties as aforementioned, the Property Management Company remains fully liable for the performance of its own obligations under this Property Management Agreement notwithstanding the appointment of any sub-contractor by the Property Management Company to provide the relevant management services.
- (f) If the Property Management Agreement is terminated, then the Property Management Company shall do everything that is necessary to assist the Manager and the Trustee in handing over the management of the Subject Properties to a new property management company.

12.9 Unitholdings Of The Property Management Company

As at the LPD, neither the PMC nor its key personnel hold any Units in Hektar REIT.

12.10 Material Litigation And Arbitration

As at the LPD, the PMC is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on its financial position, and its directors are not aware of any other proceedings pending or threatened or of any fact likely to give rise to any proceedings which may materially and adversely affect their position or business.

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13. THE TRUSTEE

13.1 Background Information

The Trustee has been appointed to act as the Trustee of Hektar REIT. The Trustee was incorporated on 28 July 1987 under the Act, and is registered as a trust company under the Trust Companies Act, 1949. The Trustee commenced operations on 28 July 1987, and is engaged in the provision of corporate trustee services.

As at the LPD, the Trustee has an authorised share capital of RM1,000,000 made up of 100,000 ordinary shares of RM10.00 each. The issued and paid-up share capital is RM500,000 made up of 100,000 ordinary shares of RM5.00 each. This is in accordance with Section 3 (c) Trust Companies Act 1949. As at the LPD, the Trustee has staff strength of thirty six (36) experienced personnel comprising twenty-one (21) executives and fifteen (15) non-executives.

13.2 The Trustee's Experience In Managing The Funds

The Trustee has about ten (10) years of experience in handling unit trust matters. As at the LPD, the Trustee has nineteen (19) unit trust funds and two (2) REIT including Hektar REIT under its trusteeship.

13.3 Board Of Directors Of The Trustee

As at the LPD, the board of directors of the Trustee is as follows:

Name	Designation
Pushparani d/o Moothathamby	Chairman (Non-independent)
Ponnampalam a/l S. Seenivasagam	Director (Non-independent)
Shaharuddin bin Hassan	Director (Non-independent)
Mohd Idris bin Mohd Isa	Independent Director

The Trustee is in the midst of finalising the appointment of the Chief Executive Officer and another Independent Director.

13.4 Key Management Team

The profiles of the key management team of the Trustee are as follows:

- **Raja Amir Shah bin Raja Abdul Aziz** was appointed as Head of the Trustee in October 2006. He has almost 20 years of experience in investment management and in the marketing of financial services. He has been in the trust and fiduciary services since 2003. He was with the Renong Group for more than 8 years. He was also in the Mutual Fund, Banking and Unit Trust services for almost 8 years. He holds an MBA in Individual Financial Planning from City University, Washington, USA. He is responsible for the overall business and management of the Trustee.
- **Maniam a/l Arunasalam** was appointed as Head of Operations for the Trustee on 7 August 2006. He holds BA (Hons) in Accountancy from Bolton Institute, United Kingdom and is a member of National Institute of Accountants, Australia. He was the Head of Compliance in AmSecurities Sdn Bhd prior to his appointment in the Trustee. He joined AmSecurities Sdn Bhd in 1994 as Manager, Inspection Unit and was subsequently promoted to Senior Manager level in 2000. He has more than 14 years experience in the stock broking industry. He joined AmMerchant Bank in June 1992 and served as Internal Audit Officer for two years.

13. THE TRUSTEE (Cont'd)

- **Nurizan binti Jalil** was appointed as Manager for Legal and Compliance of the Trustee in April 2006. She joined the Trustee in November 2001. She is currently responsible for the overall legal and compliance affairs of the Trustee. She graduated with a LLB(Hons) from the University of Huddersfield, United Kingdom and a holder of Certificate of Legal Practice from University Malaya. Prior to joining the Trustee, she was with Citibank Berhad.
- **Roslin binti Muhammad Alwi** was appointed as Accounts Manager of the Trustee in December 2004. She is currently responsible for the administration and management of clients' transactions and records and the development and enhancement of computer systems. Prior to her appointment in the Trustee, she has been with AmBank group since June 1982 having served in the Finance Department, Portfolio Management Services, Arab-Malaysian Investment Management, Organisation and Method and Private Banking Department.
- **Sharon Khaw Cheng Sim** was appointed as Assistant Manager of the Trustee in July 1997. She is responsible for the customer relationship management and marketing services of the Trustee. Prior to her appointment at the Trustee, she was the Head of Share Margin Trading unit at United Overseas Bank (M) Bhd and before that, as Operation Assistant Manager at Inter-Pacific Securities Sdn Bhd. She once served Arab-Malaysian Merchant Bank Berhad as a Marketing Officer.
- **Najwa Marliza binti Mansor** was appointed as Compliance Assistant Manager of the Trustee in March 2006. She graduated from University of New South Wales, Australia in 1999 and has obtained her CPA status in April 2004 from CPA Australia. Prior to joining the Trustee, she was the Senior Associate of the assurance services at PricewaterHouseCoopers for four (4) years and a senior executive of the group internal audit at RHB for two (2) years.
- **Siti Sabariah binti Hassan** was appointed as Accounts Assistant Manager of the Trustee in February 2006. She has been with AmBank group since October 1989 having served in the credit administration department and corporate finance department prior to her appointment at the Trustee.

13.5 Financial Position

The following is a summary of the past performance of the Trustee based on its audited accounts for the past three (3) financial years ended 31 March 2004 to 2006:

FYE 31 March	2004	2005	2006
	RM'000	RM'000	RM'000
Issued and paid-up capital	500	500	500
Shareholders' funds	3,229	4,269	4,891
Turnover	3,377	4,178	4,602
Profit before tax	1,041	1,405	911
Profit after tax	758	1,040	622

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13. THE TRUSTEE (Cont'd)

13.6 Trustee Fee

In accordance with the Deed, Hektar REIT will pay the Trustee an annual trustee's fee which accrues daily at a rate of up to a maximum of 0.1% per annum of Hektar REIT's NAV, including the manager's fees (excluding GST) in accordance with the Deed and is payable monthly in arrears.

Notwithstanding the above, the Trustee has agreed to charge a fee of 0.035% per annum of Hektar REIT's NAV, including the manager's fees (excluding GST), for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009.

13.7 Duties And Responsibilities Of The Trustee

The Trustee's duties and responsibilities are set out in the Deed. The general duties and responsibilities of the Trustee include, but are not limited to, the following:

- (i) the Trustee shall ensure that the Fund has at all times an appointed management company;
- (ii) the Trustee shall exercise all due diligence and vigilance in carrying out its functions and duties and in safeguarding the rights and interests of the Unitholders;
- (iii) the Trustee shall take custody and control, of all the securities, properties and assets of the Fund and hold it in trust for the unit holder in accordance with the provisions of the Act and all applicable securities laws and regulations made thereunder;
- (iv) the Trustee shall ensure that the management company does not make improper use of its position in managing the Fund to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interests of Unitholders of such Fund;
- (v) the Trustee shall keep or cause to be kept proper books of accounts in relation to the investments and properties of the Fund;
- (vi) the Trustee shall ensure that proper records are kept of all transactions, dividends, interest and income received and distributed in respect of the Fund;
- (vii) the Trustee shall cause the accounts referred to in paragraph (v) to be audited at the end of each financial year by an approved company auditor appointed by the Trustee;
- (viii) the Trustee jointly with the management company shall safeguard the interest of the Unitholders; and
- (ix) the Trustee jointly with the management company shall ensure that for the duration of the Fund, there is a registered deed in force at all times.

The Trustee has covenanted in the Deed that it will exercise due diligence and vigilance in carrying out its duties and responsibilities, and in safeguarding the rights and interests of the Unitholders.

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13. THE TRUSTEE (Cont'd)

13.8 Retirement, Removal Or Replacement Of The Trustee**(i) Retirement**

The Trustee may retire as Trustee of Hektar REIT immediately upon the expiry of six (6) months' written notice (or any shorter period agreed by the Manager) given by the Trustee to the Manager, provided always that a new trustee shall first have been duly appointed. Upon the retirement of the Trustee, the Manager shall be entitled to appoint in writing some other corporation approved by the relevant authorities to be the trustee of the Hektar REIT.

(ii) Removal by us

If the Trustee:

- (a) has ceased to exist;
- (b) is not validly appointed;
- (c) is not eligible to be appointed or to act as Trustee pursuant to Section 99 of the SCA;
- (d) fails or refuses to act as Trustee in accordance with the provisions or covenants of this Deed or the provisions of the SCA;
- (e) has a receiver appointed over the whole or a substantial part of its assets or undertaking and the Trustee has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- (f) is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Act or any securities law,

we shall as soon as practicable after becoming aware of any of the above events take all reasonable steps to remove the Trustee from its appointment under the Deed and appoint by way of deed a replacement Trustee which is eligible to be appointed to act as Trustee under the SCA and which has been approved by the SC.

(iii) Removal by Unitholders

The Unitholders may remove the Trustee by a Special Resolution passed at a duly convened meeting on grounds that the Trustee is in breach of its obligations under the Deed and the Trustee has failed to remedy the breach despite the request from the Manager to remedy the breach and another trustee (which is eligible to be appointed to act as trustee under the SCA and duly approved by the SC) appointed.

(iv) Removal by SC

The SC may remove the Trustee under the SCA.

13.9 Powers Of The Trustee To Remove Or Replace The Manager

We may be removed or replaced by the Trustee in accordance with the Deed as set out in Section 11.9 of this Prospectus.

13. THE TRUSTEE (Cont'd)

13.10 Trustee's Responsibility Statement

The Trustee has given its willingness to assume the position as Trustee of Hektar REIT and all the obligations in accordance with the Deed and all relevant laws, and also its willingness to provide an indemnity to the Manager for the benefit of the Unitholders of Hektar REIT for any loss incurred as a result of any non-performance of the Trustee.

13.11 Material Litigation And Arbitration

Save as disclosed below, as at the LPD, the Trustee is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on its financial position, and its Directors are not aware of any other proceedings pending or threatened or of any fact likely to give rise to any proceedings which may materially and adversely affect their position or business.

- On 22 December 2005, the solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") served a writ and statement of claim dated 12 December 2005 against the Trustee. The claim by Meridian is for alleged loss and damage amounting to RM27,606,169.65 ("Alleged Loss") together with interest and costs arising from the provision of custodial services by the Trustee to Meridian. Malaysian Assurance Alliance Bhd ("MAA") has claimed its portion of the abovementioned Alleged Loss, being general damages and special damages of RM19,640,178.83, together with interest and costs. The Trustee is a subsidiary of AMMB Holdings Berhad, has been served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA. MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with the Trustee. Based on the legal advice obtained, the Directors of Trustee are of the opinion that the Trustee has a good defence in respect of the claim.
- The Trustee has further been served on 5 October 2006 with an unsealed application to add AmMerchant as second Defendant. The claim by Meridian for the Alleged Loss has been increased from RM27,606,169.65 to RM36,967,166.84 to include loss of reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by the Trustee to Meridian. Based on the solicitors' advice, the directors of the Trustee believe Meridian has no reasonable cause of action against the Trustee or AmMerchant.

13.12 Delegation Of Trustee's Function

As at the LPD, none of the Trustee's function has been delegated.

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14. APPROVALS AND CONDITIONS

14.1 Approvals and conditions

The SC has approved the Public Offering vide its letter dated 14 September 2006.

The equity compliance unit of the SC has approved our appointment as the management company of Hektar REIT under the FIC Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests.

The conditions imposed by the SC and the status of compliance are as follows:

Authority	Date Of Approval	Details of conditions imposed	Status of compliance
SC	14 September 2006	<p>(i) Hektar Asset Management or its advisers must clearly disclose the following in the Fund's prospectus:-</p> <p>(a) clear growth strategy and plans for Hektar REIT in the medium-term and long-term, such as acquisitions of additional real estate;</p> <p>(b) detailed information pertaining to the 1.92 acres* of the Master Land of Subang Parade which is to be retained by HPSB;</p> <p><i>Note:</i> * The measurement of HPSB's Land has now been revised to 1.949 acres based on a land survey conducted on 5 September 2006.</p> <p>(c) the proposed mode and actions taken/to be taken to ensure that the issuance of separate document of title for the Subang Parade Land is obtained as soon as practicable;</p> <p>(d) information with regard to the sold lots including proposed timelines for the resolution of the strata titles issue for both Subang Parade and Mahkota Parade and the actions taken/to be taken to ensure that the strata titles are issued as soon as practicable; and</p> <p>(e) the underwriting arrangement.</p>	<p>Duly complied with. Disclosed in Sections 7.2.1, 7.2.2 and 9.7.</p> <p>Duly complied with. Disclosed in Sections 9.5, 10.3 and 10.4.</p> <p>Duly complied with. Disclosed in Sections 9.5 and 10.3.</p> <p>Duly complied with. Disclosed in Sections 9.6 and 10.</p> <p>Duly complied with. Disclosed in Sections 3.8, 3.9 and 3.10.</p>

14. APPROVALS AND CONDITIONS (Cont'd)

Authority	Date Of Approval	Details of conditions imposed	Status of compliance
		(ii) Hektar Asset Management or its advisers to provide satisfactory evidence of compliance with Clause 4.02(4) of the SC Guidelines on REITs before registration of prospectus;	Complied
		(iii) Hektar Asset Management or its advisers to ensure that the proposed appointment of Dato' Jaafar bin Abdul Hamid as the CEO of Hektar Asset Management complies with Clause 4.05(11) of the SC Guidelines on REITs, before registration of prospectus;	Complied
		(iv) Hektar Asset Management or its advisers to inform SC upon issuance of the strata titles for both Subang Parade and Mahkota Parade and the issuance of separate document of title for the Subang Parade Land;	To be complied with.
		(v) Hektar Asset Management or its advisers to submit an operational audit report to the SC six(6) months after Hektar REIT is launched and listed. The appointment of the auditors and scope of work shall be subject to the SC's clearance;	To be complied with.
		(vi) Hektar Asset Management must maintain 30% Bumiputera equity at all times;	Noted and will be complied with at all times.
		(vii) SC's approval for the proposed candidate for the CEO and members of the Board of Directors is subject to there being no adverse findings from the vetting process conducted on all the candidates;	Noted.
		(viii) Hektar Asset Management or its advisers must inform SC the date of appointment of the CEO and the Board of Directors within two(2) weeks after the appointment is made effective;	Duly complied with vide letter dated 3 October 2006 to the SC.
		(ix) Hektar Asset Management or its advisers to inform the SC the listing date of Hektar REIT prior to the listing of the Fund;	To be complied with.

14. APPROVALS AND CONDITIONS (Cont'd)

Authority	Date Of Approval	Details of conditions imposed	Status of compliance
		(x) Hektar Asset Management or its advisers to inform the SC upon the completion of the proposal;	To be complied with.
		(xi) Hektar Asset Management, AmTrustee and Hektar REIT to fully comply with all the relevant requirements in the SC Guidelines on REITs, the SCA and any notices that are issued from time to time (where relevant); and	Complied with, where applicable and save for the waivers granted by the SC as set out in Section 14.3 of this Prospectus.
		(xii) The listing of Hektar REIT must be completed within six(6) months from the date of SC approval letter. SC's approval is deemed to lapse if Hektar Asset Management fails to do so within the stipulated timeframe.	Noted and will be complied with.

14.2 Further Approval Granted By The SC

The delegation of the registrar function by us to the Registrar has been approved by the SC vide its letter dated 18 October 2006.

14.3 Waivers

The SC has approved and granted certain waivers in relation to Hektar REIT vide its letters dated 14 September 2006 and 31 October 2006;

- (i) Waiver from Clause 8.03(1) of the SC Guidelines on REIT, which stipulates that inter-alia that underwriting arrangements must be in place before the offering of the Units, is made *(for offerings to the general public and restricted issues/offers)*.

The SC has given approval for underwriting arrangements for the bookbuilding portion of 143,500,000 Units pursuant to the Institutional Offering to be in place only after the completion of the bookbuilding exercise, as disclosed in Section 3.2 of this Prospectus.

- (ii) Variation from Clause 12.01(2) of the SC Guidelines on REITs which stipulates that the management company fee shall be computed based on the Fund's NAV. The SC has approved the Base Fee and Performance Fee to be computed based on Gross Asset Value and Net Property Income respectively.
- (iii) Waiver from Clause 7.03(2) of the SC Guidelines on REIT, which stipulates that units may be placed with persons other than parties connected to the placement agent.

The SC has granted Aseambankers and AmMerchant a waiver from compliance with the above such that Aseambankers and AmMerchant, as Joint Bookrunners for the Units to be issued under the Institutional Offering, may accept bids from and allot the Units to its connected parties.

14. APPROVALS AND CONDITIONS (Cont'd)

The related parties of Aseambankers are Permodalan Nasional Berhad, Pengurusan Pelaburan ASN Berhad, Mayban Investment Management Sdn Bhd, Mayban Banking Berhad, Mayban Life Assurance Berhad and Mayban General Assurance Berhad. The related parties of AmMerchant are AmCorpGroup Berhad, AMMB Holdings Berhad, AmInvestment Group Berhad, AmAssurance Berhad, AmInvestment Management Berhad, AmPrivate Banking, Fraser Securities Pte Ltd, PT AmCapital Indonesia and Employees Provident Fund Board.

Aseambankers and AmMerchant, may receive bids from the abovementioned parties who are acting on behalf of their clients and as a discretionary licenced fund manager in its ordinary course of business. The participation of these parties in the bookbuilding exercise will be at the same terms and conditions as all other investors.

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15. FINANCIAL INFORMATION OF HEKTAR REIT

15.1 Proforma Historical Income Statement

As Hektar REIT is a newly established fund, save for the Subject Properties to be acquired, it does not have any portfolio of real estates and there is no historical financial information prepared since its establishment. We have prepared the proforma historical income statement of Hektar REIT based on the information extracted from the Vendors' audited financial statements for the four (4) months period ended 31 December 2003, FYE 2004, FYE 2005 and eight (8) months period ended 31 August 2006, as shown below, has been prepared for illustrative purposes only based on the representation of our directors, assuming that Hektar REIT has been in existence since end of August 2003. The revenue and expenses stated below are directly related to the operation of the Subject Properties.

PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF FUTURE PERFORMANCE.

	Four (4) months financial period ended 31 December 2003 ¹	FYE 2004 ²	FYE 2005	Eight (8) months financial period ended 31 August 2006
	RM'000	RM'000	RM'000	RM'000
Gross rental income				
Revenue from tenancy	9,815	45,427	55,549	40,514
Car park income	1,142	4,390	5,219	3,824
	10,957	49,817	60,768	44,338
Less: Direct cost*				
Assessment, quit rent and insurance cost	405	2,622	3,079	2,078
Other operating expenses	3,671	13,939	16,578	12,354
	4,076	16,561	19,657	14,432
NPI	6,881	33,256	41,111	29,906
% NPI / Gross rental income	62.8%	66.8%	67.7%	67.5%

Notes:

- * *The direct cost above is extracted based on expenses directly related to the operation of the Subject Properties.*
- 1 *Consists of approximately four (4) months results of Subang Parade since its date of acquisition by HPSB in end of August 2003.*
- 2 *Consists of twelve (12) months results of Subang Parade and approximately nine (9) months result of Mahkota Parade since its date of acquisition by HBSB in early April 2004.*
- 3 *The information on the proforma historical income statement prior to acquisition of the Subject Properties by the Vendors are not disclosed in the aforesaid as the previous owner of the Subject Properties has not consented to disclose the financial information on the Subject Properties during their tenure.*

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

15.1.1 Introduction**(a) Revenue from tenancy**

Revenue from tenancy represents base rental income, service charges, casual leasing and exhibition income. Base rental income and service charges are primarily rents negotiated in the tenancy agreements for lots located within the NLA of the Subject Properties.

Casual leasing and exhibition income represents additional income generated from short-term leasing of kiosk space and rental of short-term space for exhibition and promotional events within the Subject Properties.

(b) Car park income

Car park income represents income generated from the operation of the Subject Properties' car parks. This includes covered and uncovered car parks at varying levels of charges for each section.

(c) Assessment, quit rent and insurance cost

Assessment and quit rent represent rate and rent imposed by local and state authorities respectively, on the Subject Properties. Assessment is payable on a semi-annual basis while quit rent is an annual payment. The insurance policies on the Subject Properties will be based on replacement cost.

(d) Other operating expenses

Other operating expenses represent expenses directly related to the operation of the Subject Properties including:-

- Utilities expenses including electricity, water and gas charges;
- Property maintenance expenses including contracted maintenance and repair expenses for the operation of the Subject Properties' plant and machinery equipment such as air-conditioners, lifts, escalators, generator sets, public address systems, fire fighting systems, lighting and CCTV;
- Cleaning expenses, including contracted cleaning services for the Subject Properties;
- Security expenses, including contracted security services for the Subject Properties;
- Marketing expenses, including all promotional and market-related expenses for the Subject Properties;
- Staff expenses, referring to personnel costs directly attributable to the operation of each of the Subject Properties such as marketing, leasing, security and technical staff; and
- Other direct costs, including other expenses directly related to the maintenance of the Subject Properties not covered as above.

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

15.1.2 Review of eight (8) months financial period ended 31 August 2006**(a) Revenue from tenancy**

Property	Revenue from tenancy Eight (8) months financial period ended 31 August 2006 RM'000	% of total Revenue from tenancy
Subang Parade	20,282	50.1
Mahkota Parade	20,232	49.9
Total	40,514	100.0

Subang Parade contributed approximately 50.1% of total revenue from tenancy and Mahkota Parade accounted for approximately 49.9% of total revenue from tenancy for the eight (8) months financial period ended 31 August 2006.

(b) Car park income

For the eight (8) months financial period ended 31 August 2006, Subang Parade recorded car park income of approximately RM2.22 million and Mahkota Parade recorded car park income of approximately RM1.60 million.

15.1.3 Review of FYE 2005

The FYE 2005 was the first operational calendar year for both Subang Parade and Mahkota Parade. As Mahkota Parade was acquired mid-year in FYE 2004, comparisons with FYE 2005 may not be meaningful.

As of 31 December 2005 Subang Parade had an occupancy of approximately 98.3% (refer to Section 9.1.4) and Mahkota Parade had an occupancy rate of approximately 96.9% (refer to Section 9.2.4).

(a) Revenue from tenancy

Property	Revenue from tenancy FYE 2005 RM'000	% of total Revenue from tenancy
Subang Parade	28,212	50.8%
Mahkota Parade	27,337	49.2%
Total	55,549	100.0%

Subang Parade contributed approximately 50.8% of total revenue from tenancy. Subang Parade's revenues increased by 3.4% from RM27.29 million for FYE 2004 to RM28.21 million for FYE 2005. The increase was attributed to the higher rental rates for renewals in FYE 2004, less vacancies which were planned for future expansion. Subang Parade recorded a rise in occupancy rate from approximately 93.4% in FYE 2004 to approximately 98.3% in FYE 2005. This was attributed mainly to the commencement of tenancies for mini-anchors Celebrity Fitness and Digital One.

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

Mahkota Parade accounted for approximately 49.2% of total revenue from tenancy. As Mahkota Parade's FYE 2004 results were for approximately nine months, a direct comparison with FYE 2005's full year results is not meaningful. Mahkota Parade recorded a rise in occupancy rate from approximately 86.8% in FYE 2004 to approximately 96.9% in FYE 2005. This was attributed to the relocation and opening of the Seleria food court on the second floor and the replacement of the old food court with the electronics retailer SenQ and the Thai Kuang bookstore.

(b) Car park income

For FYE 2005, Subang Parade recorded car park income of approximately RM3.16 million, an increase of 2.9% compared to FYE 2004. Mahkota Parade recorded car park income of approximately RM2.06 million for FYE 2005.

15.1.4 Review of FYE 2004

FYE 2004 was the first full calendar year for Subang Parade and 9 months' operations for Mahkota Parade. As Subang Parade was acquired mid-year in FYE 2003, comparisons with FYE 2003 may not be meaningful.

As of 31 December 2004 Subang Parade had an occupancy rate of approximately 93.4% (refer to Section 9.1.4) and Mahkota Parade had an occupancy rate of approximately 86.8% (refer to Section 9.2.4).

(a) Revenue from tenancy

Property	Revenue from tenancy FYE 2004 RM'000	% of total Revenue from tenancy
Subang Parade	27,293	60.1%
Mahkota Parade	18,134	39.9%
Total	45,427	100.0%

Subang Parade recorded gross revenue from tenancy of approximately RM27.29 million for FYE 2004. Subang Parade recorded a decrease in occupancy rate from approximately 97.7% in FYE 2003 to approximately 93.4% in FYE 2004 due to HPSB's intermediate strategy of relocating mini-anchor tenants to improve tenant zoning and consumer traffic flow throughout the property.

The relocation involved shifting Toys 'R' Us to the first floor to direct and increase consumer traffic flow to that area. The second relocation involved shifting HSL Electrical and Electronics from its position near Parkson to the other end of the centre, with the potential effect of increasing traffic in between the anchor and mini-anchor.

Mahkota Parade recorded gross revenue from tenancy of approximately RM18.13 million for FYE 2004, representing approximately nine months of operations since its acquisition by HBSB.

(b) Car park income

For FYE 2004, Subang Parade recorded car park income of approximately RM3.07 million. Mahkota Parade recorded car park income of approximately RM1.32 million for FYE 2004, representing nine months of operations since its acquisition by HBSB.

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

15.1.5 Review of four (4) months financial period ended 31 December 2003

HPSB completed the acquisition of Subang Parade in end of August 2003. Subsequently, the results represent approximately four months of operations for the FYE 2003. As at 31 December 2003, the occupancy rate of Subang Parade was approximately 97.7% (refer to Section 9.1.4). For the FYE 2003, Subang Parade recorded approximately RM10.96 million in gross rental income.

15.2 Proforma Balance Sheet

The following is a summary of the proforma balance sheet of Hektar REIT as at the date of establishment, prepared for illustrative purposes only, to show the effects of the Public Offering and the Acquisitions.

	Proforma 1 As at establishment date of Hektar REIT	Proforma 2 After Proforma 1, the Public Offering and Acquisitions
	RM'000	RM'000
Non-Current Assets		
Investment properties	-	514,922*
Current Assets		
Cash and cash equivalents	1	14,980
Current Liabilities		
Tenancy and other deposits	-	16,316
Net current assets / (liabilities)	1	(1,336)
	1	513,586
Financed by:		
Unitholders' Fund	1	336,586
Less: Establishment and Issue expenses	-	(7,000)
	1	329,586
Long Term Liabilities		
Borrowings	-	184,000
	1	513,586
NAV	1	329,586
No. of Units in issue	1,000	320,001,000
NAV per Unit (RM)	1.00	1.03

Note:

* Includes the capital expenditure of RM2.92 million in relation to the reconfiguration of former Lot G79, which was converted from a large, low-yielding lot into 11 smaller, higher-yielding lots, resulting in a NLA decrease of 13,531 sq ft.

The proforma balance sheet has been prepared based on the principal bases and assumption set out in Appendix II of this Prospectus (Reporting Accountant's Letters on the proforma balance sheet). We advise you to read Appendix II of this Prospectus together with the proforma balance sheet set out above.

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

15.3 Future Financial Information

15.3.1 Profit forecast and projections

Barring any unforeseen circumstances, our Board forecasts and projects that the distribution to Unitholders for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009 will be as follows:

	Forecast Thirteen (13) months financial period ending 31 December 2007 ²	<----- Projections -----> FYE 2008 FYE 2009	
	RM'000	RM'000	RM'000
Gross rental income			
Revenue from tenancy	68,416	64,502	66,407
Car park income	6,164	5,734	5,840
	74,580	70,236	72,247
Direct Cost			
Property management fees	1,568	1,477	1,519
Assessment, quit rent and insurance cost	3,881	3,634	3,656
Other operating expenses	23,289	22,291	23,318
	28,738	27,402	28,493
NPI	45,842	42,834	43,754
Interest income	222	207	207
Other income	152	143	143
Total income	46,216	43,184	44,104
Non-property expenses:			
Manager's fee			
-Base fee	1,507	1,391	1,391
-Performance fee	1,623	1,628	1,664
Trustee's fee	132	122	122
Valuation fee	50	50	50
Administration expenses	433	400	400
	3,745	3,591	3,627
Borrowing cost	11,661	10,764	10,764
Net income before tax¹	30,810	28,829	29,713
Taxation	-	-	-
Net income after tax¹	30,810	28,829	29,713
Distribution to Unitholders	30,810	28,829	29,713
Number of Units in issue	320,001,000	320,001,000	320,001,000

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

	Forecast Thirteen (13) months financial period ending 31 December 2007 ²	<----- Projections -----> FYE 2008 FYE 2009	
Issue Price per Unit (RM)	1.05	1.05	1.05
Illustrative Institutional Price per Unit (RM)	1.11	1.11	1.11
Distribution per Unit (sen)	9.63	9.01	9.29
Distribution yield (%) ³ – Retail	8.47 ⁶	8.58	8.84
Distribution yield (%) ⁴ - Institutional	8.01 ⁶	8.12	8.37
Distribution cover (times)	1.00	1.00	1.00
MER ⁵ (%)	1.05 ⁶	1.09	1.10

Notes:

- 1 *The figure for net income before and after tax is the same for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE2009 pursuant to Section 61A of the Malaysian Income Tax Act, 1967. For the year of assessment 2006, the REIT will be exempted from income tax on the amount of the total income distributed to Unitholders in the basis period for the year of assessment. The REIT is only liable to tax on that portion of its total income that is not distributed to Unitholders in the basis period. From the year of assessment 2007, it was proposed that the total income of REIT will be exempted from income tax provided 90% or more of its total income is distributed to Unitholders.*
- 2 *Commencing from December 2006 to December 2007.*
- 3 *Based on Retail Price of RM1.05 per Unit.*
- 4 *Based on illustrative Institutional Price of RM1.11 per Unit.*
- 5 *The MER provides a measure by which investors can assess and compare the outgoing expenses incurred by the Fund. These expenses are deducted from the Fund prior to the computation of the distributable income of the Fund.*

MER is based on the following computation:

$$\frac{\text{Fees of the Fund}}{\text{Average value of the Fund for the year calculated on a daily basis}} \times 100$$

Where:

Fees = All expenses to be charged to the Fund for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009 which include the Manager's fee, Trustee's fee, valuation and administration expenses as follows:

<i>Thirteen (13) months financial period ending 31 December 2007</i>	<i>FYE 2008</i>	<i>FYE2009</i>
<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
3,745	3,591	3,627

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

Average value of the Fund = The forecast and projected NAV of the Fund for the thirteen (13) months financial period ending 31 December 2007, FYE 2008 and FYE 2009 as follows:

<i>Thirteen (13) months financial period ending 31 December 2007</i>	<i>FYE 2008</i>	<i>FYE 2009</i>
<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<i>329,586</i>	<i>329,586*</i>	<i>329,586*</i>

* *The NAV for projection years 2008 and 2009 is assumed to be the same as the thirteen (13) months financial period ending 31 December 2007 of RM329.586 million as 100% of the net income before tax is distributed to Unitholders in FYE 2008 and FYE 2009.*

6 Annualised for twelve (12) months

The profit forecast and projections have been prepared based on the principal bases and assumption set out in Appendix III and IV of this Prospectus. We advise you to read Appendix III and IV of this Prospectus together with the profit forecast and projections set out above.

15.3.2 Sensitivity Analysis

The profit forecast and projections included in this Prospectus are based on a number of assumptions that have been outlined in Appendix III and IV of this Prospectus, subject to a number of risks as outlined in Section 4 of this Prospectus.

You should be aware that future events cannot be predicted with any certainty and that deviation from the figures forecasted or projected in this Prospectus are to be expected. Depicted below is the impact on Hektar REIT's profit and distribution as a result of changes in gross rental income. The assumptions for gross rental income have been set out in Appendix III and IV of this Prospectus.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

	-5% RM'000	0% RM'000	+5% RM'000
Thirteen (13) months financial period ending 31 December 2007			
NPI	43,682	45,842	49,494
% change	-4.71%		7.96%
Distribution to Unitholders	28,622	30,810	34,214
% change	-7.10%		11.05%
FYE 2008			
NPI	39,397	42,834	46,273
% change	-8.02%		8.03%
Distribution to Unitholders	25,520	28,829	32,138
% change	-11.48%		11.48%
FYE 2009			
NPI	40,218	43,754	47,291
% change	-8.08%		8.08%

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

	-5% RM'000	0% RM'000	+5% RM'000
Thirteen (13) months financial period ending 31 December 2007			
Distribution to Unitholders	26,310	29,713	33,117
% change	-11.45%		11.46%

15.3.3 Our Board' Analysis of Profit Forecast and Projections

The Board confirm that the forecast and projections of the Hektar REIT and the underlying bases and assumptions stated herein have been reviewed by the Board after due and careful inquiries, and that the Board, having taken into account the future prospects of the industry, the future direction of Hektar REIT and its level of gearing, liquidity and working capital requirements, are of the opinion that the forecast and projections of Hektar REIT are achievable and the assumptions made are reasonable, barring unforeseen circumstances.

Nevertheless, in the light of the current economic environment in Malaysia, regionally and globally, certain assumptions, including interest and exchange rates, may differ significantly from the date of this Prospectus and this may have a material impact on Hektar REIT's forecast and projections.

Thirteen (13) months financial period ending 31 December 2007

Revenue from main anchor tenants is forecasted to contribute approximately RM8.16 million of total gross rental income. This represents approximately 10.94% of total gross rental income. Casual and exhibition tenants are forecasted to contribute approximately RM7.43 million to total gross rental income

The majority of gross rental income is derived from mini-anchor tenants and speciality store tenants of approximately RM52.50 million, which represents approximately 70.39% of total gross rental income. The remaining rental income of approximately RM0.33 million is derived from tenancy of the beverage section of the food court situated at Mahkota Parade. The operation of car park contributes rental income of approximately RM6.16 million.

The property operating cost forecast has included assumptions for increasing operating costs. These include potential increases in utilities on account of the recently announced electrical tariff hike, increases in quit rent, assessment, insurance and other operating costs directly related to the operations of the Subject Properties.

FYE 2008

Revenue from main anchor tenants is projected to contribute approximately RM7.52 million of total gross rental income. This represents approximately 10.71% of total gross rental income. Casual and exhibition tenants are projected to contribute RM7.22 million to total gross rental income, which in turn represents approximately 10.28% of total gross rental income.

The majority of gross rental income is derived from mini-anchor tenants and speciality store tenants of approximately RM49.45 million, which represents approximately 70.40% of total gross rental income. The remaining rental income of approximately RM0.31 million is derived from tenancy of the beverage section of the food court situated at Mahkota Parade. The operation of car park contributes rental income totalling RM5.73 million.

Total gross rental income for FYE 2008 is projected at approximately RM70.24 million. This represents an increase of approximately 2.11% of total gross rental income for FYE 2007.

15. FINANCIAL INFORMATION OF HEKTAR REIT (Cont'd)

The property operating cost projection has included assumptions for increasing operating costs. These include potential increases in utilities on account of the recently announced electrical tariff hike, increases in quit rent, assessment, insurance and other operating costs directly related to the operations of the Subject Properties.

FYE 2009

Revenue from main anchor tenants is projected to contribute approximately RM7.75 million of total gross rental income. This represents approximately 10.73% of total gross rental income. Casual and exhibition tenants are projected to contribute RM7.44 million to total gross rental income, which in turn represents approximately 10.29% of total gross rental income.

The majority of gross rental income is derived from mini-anchor tenants and speciality store tenants of approximately RM50.91 million, which represents approximately 70.46% of total gross rental income. The remaining rental income of approximately RM0.31 million is derived from tenancy of the beverage section of the food court situated at Mahkota Parade. The operation of car park contributes rental income totalling RM5.84 million.

Total gross rental income for FYE 2009 is projected at approximately RM72.25 million. This represents an increase of approximately 2.86% of total gross rental income for FYE 2008.

The property operating cost projection has included assumptions for increasing operating costs. These include potential increases in utilities on account of the recently announced electrical tariff hike, increases in quit rent, assessment, insurance and other operating costs directly related to the operations of the Subject Properties.

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16. ADDITIONAL INFORMATION

16.1 Other Pertinent Information To Unitholders

- (a) Hektar REIT is newly established and hence, save for the initial Units of 1,000 at the issue price of RM1.00 per unit, there are no Units issued prior to the completion of the Public Offering and the Acquisitions.
- (b) 320,001,000 Units of the Fund will be admitted to the Official List of the Main Board of Bursa Securities. Unitholders can obtain information on the current developments, annual and interim reports of the Fund from the Bursa Securities' website (www.bursamalaysia.com) upon the Fund's listing on Bursa Securities.

Unitholders are able to keep track of the market price per Unit and the NAV per Unit as announced by us through Bursa Securities' website (www.bursamalaysia.com) and daily Malaysian newspapers (both in English and Bahasa Malaysia). Hektar REIT will also be providing the Unitholders with an annual report and interim report each year on its performance, which will also include information on the NAV per Unit.

In accordance with the SC Guidelines on REITs, we are required, on a weekly basis, to carry out a valuation of Hektar REIT's investments in real estate-related assets and non-real estate assets and announce the NAV of the Fund to Bursa Securities. We must also give Bursa Securities an interim financial report, which is prepared on a quarterly basis no later than two (2) months after the end of each quarter in a financial year.

If you require further information on Hektar REIT, you may contact us at:

Hektar Asset Management Sdn Bhd

Block A-2-4
Plaza Damas
No. 60, Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur

Tel: 03 – 6201 1011

Fax: 03 – 6201 0012

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16. ADDITIONAL INFORMATION (Cont'd)

(c) The direct and indirect unitholding of HKSB, our substantial Unitholders, directors and key personnel in Hektar REIT before and after the Public Offering and the Acquisitions are as follows:

	Proforma before the Public Offering and the Acquisitions		Proforma after the Public Offering and Acquisitions	
	No. of Units	%	No. of Units	%
HKSB	1,000	100.00	-	-
Our Substantial Unitholders:				
HBSB	-	-	72,700,000	22.72
HPSB	-	-	87,800,000	27.44
Dato' Jaafar bin Abdul Hamid	-	-	2,050,000 [^]	0.64
			160,500,000 ¹	50.16
Executive Directors:				
Dato' Jaafar bin Abdul Hamid	-	-	2,050,000 [^]	0.64
Zalila binti Mohd Toon	-	-	350,000 [^]	0.11
Non-Executive Directors:				
Shahril bin Kassim	-	-	250,000 [^]	0.08
Other Key Personnel:				
Christopher Angus Mears	-	-	350,000 [^]	0.11
Zarina Halim	-	-	100,000 [^]	0.03
Raziff Suhairi bin Shaaban	-	-	100,000 [^]	0.03

Notes:

[^] Including their allocation pursuant to the allocation to eligible directors, employees and business associates of Hektar Group.

¹ Deemed interested by virtue of his substantial shareholdings of more than 15% in HBSB and HPSB pursuant to Section 6A of the Act.

² Deemed interested by virtue of his substantial shareholdings of more than 15% in HKSB pursuant to Section 6A of the Act.

16. ADDITIONAL INFORMATION (Cont'd)

16.2 Material Litigation

As at the LPD,

- (a) We are not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on our business/financial position and our directors do not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our business/financial position.
- (b) The Registrar is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the business/financial position of Registrar and the directors of the Registrar do not know of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business/financial position of the Registrar.
- (c) Save as disclosed in Section 13.11 of this Prospectus, the Trustee is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the business/financial position of the Trustee and the directors of the Trustee do not know of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business/financial position of the Trustee.

16.3 Material Contracts

Saved as disclosed below, there are no other material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business, which have been entered into by Hektar Asset Management within two (2) years preceding the date of this Prospectus:

- (a) the Deed;
- (b) the Property Management Agreement;
- (c) the Underwriting Agreement; and
- (d) the Sale and Purchase Agreements.

16.4 Consents

- (a) The written consents of the Trustee, Lead Adviser, Financial Adviser, Co-Financial Advisers, Joint Bookrunners, Lead Manager, Managing Underwriter, Underwriters, Issuing House, Solicitors, Registrar and Property Management Company to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consent of the Reporting Accountants to the inclusion in this Prospectus of their letters on profit forecast and projections as well as their letter on the proforma balance sheet in the manner, form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (c) The written consent of the Tax Consultants to the inclusion in this Prospectus of their letter on taxation of Hektar REIT in the manner, form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

16. ADDITIONAL INFORMATION (Cont'd)

- (d) The written consent of the Independent Property Valuers and the Independent Property Market Consultants to the inclusion in this Prospectus of their Valuation Certificates and the Independent Market Research Report respectively, in the manner, form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

16.5 Responsibility Statements

This Prospectus has been seen and approved by our directors and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

Our directors accept full responsibility for the profit forecast and projections included in this Prospectus and confirm that the profit forecast and projections have been prepared based on the assumptions made.

The information pertaining to the Trustee, the Property Management Company and the Registrar was provided by the management and/or directors of the Trustee, the Property Management Company and the Registrar. The responsibility of our directors is therefore restricted to the accurate reproduction of such relevant information as included in this Prospectus.

16.6 Documents Available For Inspection

Copies of the following documents may be inspected at the Trustee's principal place of business, during normal business hours for a period of twelve (12) months from the date of this Prospectus.

- (a) the Deed dated 5 October 2006;
- (b) the valuation reports dated 15 June 2006 prepared by the Independent Property Valuers;
- (c) the letters dated 18 October 2006 prepared by the Reporting Accountants on profit forecast and projections as well as the proforma balance sheet referred to in Appendix II, III and IV of this Prospectus;
- (d) the letter dated 19 October 2006 prepared by the Tax Consultants, as referred to in Appendix V of this Prospectus;
- (e) the material contracts as referred to in Section 16.3 of this Prospectus;
- (f) the letters of consent as referred to in Section 16.4 of this Prospectus;
- (g) the independent market research report as referred to in Appendix VI;
- (h) the valuation certificates as referred to in Appendix I;
- (i) the material litigations as referred to in Section 16.2 (c) of this Prospectus;
- (j) the license agreement dated 19 October 2006 as referred to in Section 11.13 of this Prospectus; and
- (k) the master license agreement dated 19 October 2006 as referred to in Section 11.3 of this Prospectus.

16. ADDITIONAL INFORMATION (Cont'd)

16.7 Real Estate Purchased Or To Be Purchased Out Of The Proceeds Of The Public Offering

Other than the Acquisitions, there is no transaction, directly or indirectly, relating to any real estate purchased or to be purchased out of the proceeds of the Public Offering.

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17. SALIENT TERMS OF THE DEED

The following information is a summary of the provisions of the Deed. A copy of the Deed can be inspected at the principal place of business of the Manager and/or Trustee during normal business hours. The terms of the Deed and the rights and obligations of the Trustee, the Unitholders and us are affected by the provisions of the relevant laws. These relevant laws comprise the SCA, the SC Guidelines on REITs, the SC Guidelines on Unit Trust and the Central Depositories Act, the business rules of the Bursa Depository and the Securities Industry (Central Depositories) (Foreign Ownership) Regulations while the Units are deposited with Bursa Depository pursuant to the Central Depositories Act and the Bursa Securities LR while the Units are listed on Bursa Securities, as amended from time to time, except to the extent of any express written exemption or waiver (together, the “REIT Regulatory Regime”).

*Units, which are listed on Bursa Securities, will be deposited with Bursa Depository or any other computerised or electronic system of transfer or registration in accordance with the provisions of the Central Depositories Act. For so long as the Units have been prescribed as a **prescribed security** and are deposited with Bursa Depository pursuant to the Central Depositories Act, a depositor whose name appears in the record of depositors maintained by Bursa Depository shall be deemed to be a Unitholder and shall, subject to the Central Depositories Act and regulations thereunder, be entitled to the number of Units stated in the record of depositors and all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Units.*

The Deed is a complex document and investors should refer to the Deed and the REIT Regulatory Regime themselves for a detailed understanding of Hektar REIT.

17.1 The Fund

The Deed establishing the Hektar REIT was entered into on 5 October 2006 between the Trustee and us and the Deed was registered with the SC on 9 October 2006.

The terms and conditions of the Deed and any supplementary deed are binding on each Unitholder (and persons claiming through or under such Unitholder) as if such Unitholder had been a party to the Deed and as if the Deed contained covenants on the part of each Unitholder to observe and be bound by all provisions of the Deed and had thereby authorised and required the Trustee and us, respectively, to do all such acts and things as the Deed may require or authorize us and the Trustee, respectively, to do.

The Deed is governed by the laws of Malaysia.

Hektar REIT is a real estate investment trust. Each asset of Hektar REIT is vested in, and held by or on behalf of, the Trustee on trust in accordance with the terms of the Deed. The rights of the Unitholders under the Deed are divided into Units. Each Unit is of equal value and represents an undivided interest in the Hektar REIT.

17.2 Rights Of Unitholders

- (i) A Unitholder has no equitable or proprietary interest in any particular asset of Hektar REIT held by the Trustee on trust under the Deed and is not entitled to require the transfer to it of any asset (or part thereof) of Hektar REIT.
- (ii) A Unitholder's rights are limited to the right to require due administration of Hektar REIT in accordance with the provisions of the Deed.

17. SALIENT TERMS OF THE DEED (Cont'd)

- (iii) Subject to the terms of the Deed, the rights of Unitholders include the right to:
- receive income and other distributions attributable to the Units held;
 - receive the fund reports of the Fund;
 - convene, attend and vote at meetings of Unitholders; and
 - participate in the winding up of Hektar REIT.
- (iv) Without limiting the generality of the foregoing, each Unitholder acknowledges and agrees that he/she will not:
- interfere or seek to interfere with the rights, powers, authorities or discretions conferred on the Trustee or us
 - exercise or question any right in respect of any asset or lodge any caveat or other notice affecting any asset of Hektar REIT; and
 - require that any asset of Hektar REIT be transferred to a Unitholder.

17.3 Liability Of Unitholders

The Deed contains provisions, which are designed to limit the liability of a Unitholder up to the amount of the Unitholder's investment in Hektar REIT. Accordingly, and provided that the issue price of relevant Units has been fully paid, no Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or us or any creditor of either or both of them in the event that the liabilities of the Hektar REIT exceed the value of the assets of Hektar REIT.

17.4 Offer Units

An initial 1,000 Units have been issued to us for the purpose of establishing the Hektar REIT ("Promoter Units"). The Promoter Units shall be disposed of immediately upon listing of the Hektar REIT on Bursa Securities.

We may offer further Units by any method permitted under the SC Guidelines on REITs and upon such terms as determined by us, in accordance with the provisions of the SCA, the SC Guidelines on REITs, the Bursa Securities LR and any other relevant laws, rules or guidelines. Subject to the provisions of the SC Guidelines on REITs, the SCA and any applicable laws, we shall determine the offer price for new Units on market-based principles, taking into account the best interests of Hektar REIT and the Unitholders.

Upon the Listing, Units shall be freely transferable on Bursa Securities in not less than board lots of 100 Units or such other number as Bursa Securities permits and shall always be in multiples of 100 Units. While the Units are prescribed securities, any transfers of Units shall be effected in the manner provided under the Central Depositories Act and the business rules of Bursa Depository.

17.5 Repurchase of Units

A Unitholder may, if the Hektar REIT is unlisted, issue a repurchase request to us to repurchase all or any of the Unitholder's Units ("Repurchase Request"). The Repurchase Request must specify the number of Units required to be repurchased and shall be delivered to our office or any other place agreed to in writing by us and the Trustee. We shall repurchase the Units stated in the Repurchase Request within a period of not more than thirty (30) days from receipt of the Repurchase Request provided that the issue price in respect of such Units have been fully paid ("Repurchase Compliance Period").

In complying with Repurchase Request by any Unitholder, we may select any of the following in respect of the whole or any part of the Units, which we are required to repurchase:-

- (a) we may temporarily repurchase the Units out of our own funds on the date of receipt of the Repurchase Request by the Unitholder. In such a situation, the Unitholder shall be paid the repurchase proceeds by us within fourteen (14) days from the date the Repurchase Request is received by us. These repurchased Units shall, within thirty (30) days from the date of receipt of the Repurchase Request, be:-
 - (i) sold by us to a buyer or buyers; or
 - (ii) surrendered by us to the Trustee for cancellation and reimbursement out of the assets of the Hektar REIT. The Trustee shall, within thirty (30) days after receipt of our cancellation request reimburse us at the repurchase price which will be based on the net asset value of the Unit at the next valuation point after we receive the Repurchase Request; or
- (b) we may find a buyer or buyers for the Units to be repurchased at a price which shall at least be the Repurchase Price within the Repurchase Compliance Period; or
- (c) we may request the Trustee to redeem the Units to be repurchased and pay the Unitholder the Repurchase Price out of the assets of the Hektar REIT within the Repurchase Compliance Period and we shall ensure that a sufficient amount of the assets of the Hektar REIT are available in cash to enable the Trustee to make such payment.

Where we temporarily hold Units in situations stated in sub-paragraph (a) above, we may be entitled to a return on capital in the event of a winding-up of the Hektar REIT, and distribution of income rights provided that the income distribution is based on Unit days of participation.

Where we request the Trustee to cancel Units to satisfy a Repurchase Request, and the Trustee considers that it is not in the interests of the existing Unitholders to incur borrowings for the redemption in the manner allowed under the applicable laws and permit the assets of the Hektar REIT to be sold or that the assets cannot be liquidated at an appropriate price or on adequate terms, the Trustee shall refuse to comply with the request and suspend the sale and/or repurchase of Units and immediately call a Unitholders' meeting to decide on the next course of action.

The suspension of the repurchase of Units shall only be carried out if the interests of the Unitholders or the potential Unitholders would, in so far as the Trustee is concerned, be materially affected if the sale and/or repurchase of Units were not suspended.

17. SALIENT TERMS OF THE DEED (Cont'd)

17.6 Suspension of Units

The Trustee or we may, with the prior written approval of the other and subject to the Bursa Securities LR, suspend the offer of Units during:

- (a) any period when Bursa Securities or any other relevant recognised stock exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- (b) the existence of any state of affairs, which, in the opinion of the Trustee and us might seriously prejudice the interests of the Unitholders as a whole or of the assets of the Hektar REIT;
- (c) any breakdown in the means of communication normally employed in determining the net asset value of the Hektar REIT, or when for any reason the net asset value of the Hektar REIT cannot be promptly and accurately ascertained;
- (d) any period when remittance of money which will or may be involved in the realisation of any assets of the Hektar REIT or in the payment for such assets of the Hektar REIT cannot, in the opinion of the Trustee and us, be carried out at normal rates of exchange;
- (e) in relation to any general meeting of the Unitholders, the period of forty-eight (48) hours before such general meeting or any adjournment thereof;
- (f) any period where the issuance of Units is suspended pursuant to any order or direction issued by Bursa Securities or any other authorised regulatory body; or
- (g) when the business operations of the Trustee or us in relation to the Hektar REIT are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Such suspension will take effect forthwith upon the declaration in writing of the same by us or the Trustee (provided the prior written approval of the other is obtained) and shall terminate on the day following the first Market Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing of the same by us or the Trustee (provided the prior written approval of the other is obtained). We will ensure that immediate announcement of such suspension is made to Bursa Securities.

17.7 Role of the Manager

Our powers, duties and obligations are set out in the Deed and are summarized in Section 11 of this Prospectus.

We may, subject to the provisions of the Deed, appoint and engage:-

- (a) a person or entity to exercise any of our powers or performs its obligations (subject to the approval of the SC for such delegation, where required); and
- (b) agent and experts to assist us in carrying out and performing our duties and functions as management company of Hektar REIT.

We covenant that we shall carry on and conduct our business in a proper, diligent and efficient manner and ensure that Hektar REIT is carried on and conducted in a proper, diligent and efficient manner and in accordance with acceptable and efficacious business practices in the real estate investment trust industry in Malaysia.

17. SALIENT TERMS OF THE DEED (Cont'd)

Subject to the provisions of the Deed, we are responsible for managing Hektar REIT. We have full and complete powers of management and must manage the Hektar REIT (including all assets, and liabilities of Hektar REIT) for the benefit of the Unitholders.

17.8 Management Of The Fund

We must cause all assets of Hektar REIT of an insurable nature and which in our opinion are in the normal course of business are insured, to be insured for their full replacement value, including being insured against fire, loss of rent (where applicable) and any other risks, which we consider prudent, in the name of the Trustee.

17.9 Authority Limit for Operation of Accounts

The Trustee and us shall operate such bank account or accounts with licensed financial institutions acceptable to both parties.

We and the Trustee agree that any payments not exceeding the sum of Ringgit Malaysia Ten Thousand (RM10,000.00) shall be signed by our authorised signatory(ies) and any payments in excess of the sum of Ringgit Malaysia Ten Thousand (RM10,000.00) shall be jointly signed by our authorized signatory(ies) and authorised signatory(ies) of the Trustee.

17.10 Valuation of Investments

We covenant to carry out valuations of any of the assets of the Hektar REIT in accordance with the Deed, the SC Guidelines on REITs and the SC's Guidelines on Asset Valuation.

If and for so long as the Hektar REIT is listed, the Trustee will cause all Real Estate held by the Hektar REIT to be valued by a qualified valuer at least once every three (3) years from the last valuation date and if the Hektar REIT is or becomes unlisted, at least once every eighteen (18) months from the last valuation date for a unlisted Hektar REIT or as the SC Guidelines on REITs may stipulate.

The Trustee may require an additional revaluation of real estate held by the Hektar REIT by a Qualified Valuer in the interim period on its own accord where it deems fit; or on recommendation from us; or if the auditor is of the view that the carrying values of the revalued property differ materially from the market value.

The approval of the SC is required before any revaluation of real estate can be incorporated into the accounts of the Hektar REIT, however this does not preclude provisioning in accounts of the Hektar REIT for diminution in value of real estate as may be recommended by the auditors in compliance with approved accounting standards.

17.11 The Trustee

The Trustee's powers, duties and obligations are set out in the Deed and are summarized in Section 13 of this Prospectus.

On our recommendation, the Trustee may incur borrowings for the acquisition of any real estate assets by the Hektar REIT provided that the total borrowings shall not exceed fifty per centum (50%) of the Total Asset Value of the Hektar REIT at the time the borrowings are incurred or such higher limit with the prior approval of the Unitholders.

17. SALIENT TERMS OF THE DEED (Cont'd)

On our recommendation, the Trustee may consent to and pledge the assets of the Hektar REIT to secure borrowings permitted in the foregoing paragraph provided that the Trustee shall ensure that the trust borrowings and pledging of assets of the Hektar REIT are not prejudicial to the interests of the Unitholders.

17.12 Retirement of Trustee

The Trustee may retire as trustee of the Fund immediately upon the expiry of six (6) months' written notice (or any shorter period agreed by us) given by the Trustee to us, provided that the Trustee may not retire until a new trustee has been duly appointed.

On its retirement the Trustee is released from all obligations in relation to Hektar REIT, which arise after its retirement. The Trustee must vest all the assets of the Fund in the new trustee, and give the new trustee all books, documents, records and any other property held by or on behalf of the Trustee relating to the Fund. The new trustee will from the date of its appointment be bound by the acts of the retired trustee.

17.13 Register And Transfers

We will keep and maintain an up to date register in accordance with the SCA and other applicable regulations.

While the Units are prescribed securities (as defined in the rules of Bursa Depository), Bursa Depository or its nominee company will be registered as the sole Unitholder. A Unitholder whose name appears in the record of depositors maintained by Bursa Depository will be deemed to be and treated as the absolute owner of the relevant Units as if it were a person included in the register instead of Bursa Depository (or its nominee company) in whose name the Units are registered.

While the Units are prescribed securities, any transfer of the Units will be in accordance with the rules of Bursa Depository.

17.14 Amendment Of The Deed

Save where an amendment to the Deed has been approved by a resolution of not less than two-thirds (2/3) of all Unitholders present and validly voting at the relevant Meeting (as defined below), no amendment may be made to the provisions of the Deed unless the Trustee certifies, in its opinion, that such amendment does not materially prejudice the interests of Unitholders and does not operate to release the Trustee or us from any responsibility to the Unitholders, and is:-

- (i) necessary or expedient to comply with applicable fiscal, statutory or official requirements including the requirements under the REITs regulatory regime or any changes to any of the foregoing from time to time;
- (ii) is necessary to correct a manifest error or is of a format, technical or administrative nature only;
- (iii) necessary or expedient for the purpose of complying with any ruling by the Malaysian taxation authorities relating to taxation of Hektar REIT and/or the Unitholders (including modifications to provisions on distributions under the Deed in order to comply with any ruling on taxation relating to the Hektar REIT or the Unitholders; or
- (iv) in any other circumstances not materially adverse to the interest of the Unitholders and is not likely to become so.

17. SALIENT TERMS OF THE DEED (Cont'd)

17.15 Meetings Of Unitholders

The Trustee or us on behalf of the Trustee may at any time convene a meeting of Unitholders ("Meeting"). We must, within 21 days after an application is delivered to us at our registered office, being an application made by not fewer than 50 Unitholders or one-tenth in number of the Unitholders, whichever is less, convene a meeting of Unitholders.

We may not exercise the voting rights in respect of the Units held by us or our nominees in any Meeting, regardless of the party who requested the Meeting and the matter or matters that are laid before the Meeting. Any of our related corporation (as defined in the Companies Act 1965) may not exercise the voting rights in respect of the Units it holds in any Meeting.

17.16 Duration of Hektar REIT

In respect of Hektar REIT, the trust created under the Deed shall commence on the date of registration of the Deed with the SC and shall, unless earlier terminated by the Trustee in accordance with the provisions of the Deed, terminate in accordance with the Deed.

17.17 Termination of Hektar REIT

In any of the following events:

- (a) if at a duly convened meeting of Unitholders a Special Resolution is passed that the Hektar REIT be terminated; or
- (b) if we are in liquidation or where the Trustee is of the opinion that we have ceased to carry on business or has, to the prejudice of the Unitholders, failed to comply with any provision or covenant of the Deed or contravened any provisions of any relevant laws, guidelines or regulatory requirements, and at a meeting duly summoned in accordance with Section 110 of the SCA, a Special Resolution is passed that the Hektar REIT be terminated; or
- (c) if we notify the Trustee in writing that less than 100,000,000 Units (or such minimum number permitted by the SC and Bursa Securities) are held by Unitholders and recommends that the Hektar REIT be terminated; or
- (d) if at any time during the life of the Hektar REIT, we, after consultation with the Trustee, are of the opinion that changes in the economic climate or taxation law have caused or are likely to cause Unitholders to be detrimentally affected, we request the Trustee to summon a meeting of Unitholders and place a Special Resolution before such a meeting, setting out the action they recommend the meeting to endorse to meet such changes, and the meeting decides to terminate the Hektar REIT; or
- (e) if the Listing does not take place within three (3) months from the date of this Prospectus,

the Trustee shall summon a meeting of the Unitholders for the purpose of seeking direction from the Unitholders to terminate and wind-up the Fund.

Upon any decision to terminate the Hektar REIT in accordance with the Deed, we shall notify all Unitholders of such termination, the reason and the date of the decision to terminate the Hektar REIT.

Generally, upon the termination of the Hektar REIT, the Trustee shall, subject to any authorisations or directions given to it by us or the Court (which is required to confirm the resolution of Unitholders for terminating the Hektar REIT) pursuant to the Deed, sell the assets of Hektar REIT and repay or make provisions for all liabilities of Hektar REIT in accordance with the Deed before applying the balance of proceeds to the Unitholders in accordance with their proportionate interests in Hektar REIT.



Date: 19 October 2006

Board of Directors
Hektor Premier Sdn Bhd
Block A-2-4, Plaza Damas
No. 60, Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur

Dear Sirs,

REPORT AND VALUATION OF A SHOPPING COMPLEX (EXCLUDING THE ADJACENT 1.918 ACRE LAND) KNOWN AS SUBANG PARADE LOCATED AT NO. 5, JALAN SS 16/1, 47500 SUBANG JAYA, SELANGOR

We have been instructed by **Hektor Premier Sdn Bhd** to ascertain the **Market Value** of the subject property for the inclusion in the prospectus in relation to the proposed establishment and listing of Hektor REIT on the Main Board of Bursa Malaysia Securities Bhd

The valuation has been prepared in accordance with the requirements as set out in the Guidelines on Asset Valuations issued by the Securities Commission and 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 the valuation is the **Market Value**. The **Market Value** is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

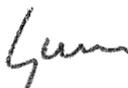
We confirm that we have valued the properties based on the **Investment Method** and Comparison Method of valuation. The **Investment Method** of valuation involves the computation of the estimated Market Rental, which the subject property can reasonably be let for. Outgoings, such as property tax, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalized at an appropriate current market yield to arrive at its indicative capital value. The **Comparison Method** is the market approach of comparing the subject property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.



We certify that, in our opinion, the current **Market Value (MV)** of the unencumbered freehold interest in the subject property in its existing physical condition is :-

MV - RM 290,000,000 (Ringgit Malaysia : Two Hundred and Ninety Million Only)

Yours faithfully,
HENRY BUTCHER MALAYSIA SDN BHD


LONG TIAN CHEK
Bsc, MRICS, MISM
Registered Valuer (V-241)



Valuation Certificate

Reference No.	Property Identification	Description	Market Value / Date of Inspections / Valuation
<p>V/R07-05/1277</p>	<p>Subang Parade</p> <p>The subject property is situated located within the busy commercial area of SS 16 Subang Jaya, approximately 20 kilometres due south west of the Kuala Lumpur City Centre. The subject property is accessible from Federal Highway turning onto Jalan Kewajipan and then onto either Jalan SS16/1 or Jalan Kemajuan, which leads to the subject property. An alternative access is from the Federal Highway turning onto Persiaran Tujuan and Jalan Kemajuan. The completion of the New Pantai Expressway (NPE) further enhances the accessibility of the subject property.</p> <p>The immediate surroundings are characteristically a mix of commercial and residential uses.</p> <p>Surrounding developments within the immediate vicinity comprise a hypermarket, offices, terrace shop-offices, single and double storey terrace houses and apartments.</p> <p>Prominent and established landmarks located within walking distance from the subject property to the east of the subject property include Carrefour Hypermarket, Wisma Consplant, Petaling Land Office. To the north is the KL-Port Klang railway and commuter line. Further to the south east of the property are Subang Jaya Medical Centre, Sheraton Subang and Holiday Villa Hotel.</p> <p>Industrial estates nearby include Temasya Industrial Park and Glenmarie HiCom located to the north across Federal Highway and Subang Hi-Tech located to the west of the subject property.</p>	<p>The subject property comprises a 3 storey shopping complex with 2 basement levels. The commercial / retail complex comprises 3 floors of shopping/commercial area on the ground, second and third floors, one level of basement car parks and another level of basement service tunnel. The building, for this exercise, is assumed to have a total net lettable area of approximately 498,949 sf. (approximately 46,352.36 sq.m) of which 472,077 sf (approximately 43,855.95 sq.m) is retained by Hektar Premier Sdn Bhd together with a basement car park and an outdoor car park area providing approximately 1,390 bays of car park.</p> <p>It is sited on part of Lot 14193 measuring approximately 476,372 sq.ft (after lessing the adjacent 1.918 acre land which will be submitted for sub division).</p> <p>The subject property bears postal address No 5, Jalan SS 16/1, 47500 Subang Jaya, Selangor.</p> <p>Excluded from this valuation exercise are:-</p> <ul style="list-style-type: none"> The retail area already sold <p>AND</p> <ul style="list-style-type: none"> The adjacent land parcel ("Vacant Land") measuring approximately 1.918 acres. Both the shopping complex and the Vacant Land portion are currently held under one master title ("Title"). Hektar Premier Sdn Bhd intends to undertake a subdivision exercise for the purpose of obtaining a separate title to the Vacant Land. As per the instruction from Hektar Premier Sdn Bhd, in accordance with the Sale & Purchase Agreement to be entered into between Hektar Premier Sdn. Bhd. and AmTrustee Bhd., the Trustee for the proposed REIT exercise, the Title will be transferred to AmTrustee Bhd (trustee for Hektar REIT) pending issuance of the separate issue document of title to the Vacant Land. However, both parties will acknowledge that the transfer of the Title is made as a means of conveying legal and beneficial title only to Subang Parade and the trustee will disclaim all rights, title and interest to the Vacant Land portion. 	<p>RM 290,000,000</p> <p>Date of Inspection: July 18, 2005 and April 28, 2006</p> <p>Date of Valuation: May 1, 2006</p> <p>Methods of Valuation: Investment Method and Comparison Method</p> <p>Sources of information: Market transactions, Management's Tenancy List, Client's records.</p>



	<p>Residential neighborhoods nearby include Sections SS12, SS15 and SS 17 and Wangsa Baiduri.</p> <p>Current on-going high-rise residential development nearby the subject property includes The Subang Residency, Jana Towers and Tiara Ville.</p>	<p>A summary of the title details is as follows:</p> <p>Title No. : Geran 55365 Lot No. : Lot 14193 Town : Bandar Subang Jaya District : Petaling, Selangor State : Selangor Tenure : Freehold Land Area : 52,017 sq.m. (559,925 sq. ft or 12.854 acres) (inclusive of both shopping complex and adjacent 1.918 acre land)</p> <p>Annual Land Rent : RM 160,733.00 Category of Land Use : Bangunan Express Condition : Pembinaan bangunan-bangunan mengikut JPBD Negeri Selangor.</p> <p>Restrictions In Interest : Not Stated Registered Owner : Hektar Premier Sdn Bhd.</p> <p>The Certificate of Fitness for Occupation had been issued by Lembaga Bandaran Petaling Jaya (now known as Majlis Perbandaran Subang Jaya) on February 22, 1988 via Certificate No. 8170</p>	
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TENANCY DETAILS

The tenancies at Subang Parade are generally for a term of not more than 3 years, with an option to renew for a similar term. In line with normal market practice, tenancy renewals are generally on the same terms and conditions as the original tenancies except for the rental rate, which generally will be revised to the prevailing market rent.

A brief summary of tenancies as at 1 May, 2006 is as follows:-

Level/ Monthly Gross Rental (RM PSF)	Major and Notable Tenants	% of Total Net Lettable Area	% of Total Annual Rental Income
Basement (100 % Occupied) RM 2.20 psf	<u>Major Tenants:</u> Digital One	4.5 %	2.1 %
Lower Ground Floor (96.2% Occupied) RM 3.00 psf to RM 37.00 psf	Parkson Grand	29.8 %	16.0 %
Ground Floor (99.4% Occupied) RM 3.00 psf to RM 27.00 psf	HSL Electrical & Electronics OverseasRestaurant	5.2 % 3.1 %	1.7 % 1.8 %
First Floor (99.4% Occupied) RM 2.00 psf to RM 22.00 psf	MPH Bookstores Celebrity Fitness	3.7 % 7.3 %	1.7 % 3.3 %
The overall occupancy rate for Subang Parade is approximately 98.5%	<u>Notable Tenants:</u> McDonalds, Nandos, Pizza Hut, Guardian Pharmacy, TGI Friday's, Coffee Bean & Tea Leaf, Royal Selangor, The Rejects Shop, Secret Recipe Cakes & Café, The Esquire Kitchen	The total gross net lettable area for Subang Parade is 472,077 sq.ft	The total gross annual rental income for Subang Parade is approximately RM 26,383,495



Below is the summary of rates adopted in determining the Market Value of the subject property:-

	Rate (%)
Rental Revenue	
Term	7.25%
Reversion	7.50%
Carpark Revenue	
Term and Reversion	8.00%
Kiosks/Exhibitions Income	
Term and Reversion	8.00%

Long
LONGTIAN CHEK
 B. Sc., MRICS, MIS(M)
 Registered Valuer (V-241)



HENRY BUTCHER MALAYSIA

Date: 19 October 2006

Board of Directors
Hektar Asset Management Sdn Bhd
Block A-2-4, Plaza Damas
No. 60, Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur

Dear Sirs,

**REPORT AND VALUATION OF A SHOPPING COMPLEX KNOWN AS MAHKOTA PARADE
LOCATED AT NO. 1, JALAN MERDEKA, 75000 MELAKA.**

We have been instructed by **Hektar Black Sdn Bhd** to ascertain the **Market Value** of the subject property for the inclusion in the Prospectus in relation to the proposed establishment and listing of Hektar REIT on the Main Board of Bursa Malaysia Securities Bhd.

The valuation has been prepared in accordance with the requirements as set out in the Guidelines on Asset Valuations issued by the Securities Commission and 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 the valuation is the **Market Value**. The **Market Value** is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

We confirm that we have valued the properties based on the **Investment Method** and **Comparison Method** of valuation. The **Investment Method** of valuation involves the computation of the estimated Market Rental, which the subject property can reasonably be let for. Outgoings, such as property tax, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalized at an appropriate current market yield to arrive at its indicative capital value. The **Comparison Method** is the market approach of comparing the subject property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

We certify that, in our opinion, the current **Market Value (MV)** of the unencumbered leasehold interest in the subject property in its existing physical condition is :-

MV - RM 233,000,000.00 (Ringgit Malaysia : Two Hundred Thirty Three Million Only).

Yours faithfully,
HENRY BUTCHER MALAYSIA (MALACCA) SDN. BHD.


LIM CHIU WAH
Registered Valuer (V-332)



HENRY BUTCHER MALAYSIA (MALACCA) SDN. BHD. (246114-T)
(Formerly known as Henry Butcher, Lim & Long (Malacca) Sdn. Bhd.)

323A & B, Jalan Melaka Raya 1, Taman Melaka Raya, 75000 Melaka.

Tel: 606-281 2188, 284 5330, 283 7519 • Fax: 606-281 2189 • Email: hbmalacca@yahoo.com

www.henrybutchermalaysia.com



Valuation Certificate

Reference No.	Property Identification	Description	Market Value / Date of Inspections / Valuation
<p>V/06/7848/C</p> <p>Mahkota Parade</p> <p>The subject property comprises a three storey commercial complex together with a basement car park cum shop area known as "Mahkota Parade" and is located on the fringe of Taman Melaka Raya, Melaka. It is sited approximately 1½ kilometers south - east of Malacca Historical Town centre.</p> <p>"Mahkota Parade" fronts onto Jalan Merdeka and is easily accessible from Malacca Historical Town centre via Jalan Munshi Abdullah, Jalan Bendahara and Jalan Laksamana.</p> <p>Sited in the immediate vicinity of the subject property are the 9-storey Mahkota Medical Centre and the ongoing commercial development of "Dataran Pahlawan" comprising a basement level of retail lots cum parking lots and a ground level incorporating a "padang" together with recreational facilities, exhibition hall and a 5-storey commercial complex cum car parks.</p> <p>Taman Melaka Raya and its fringes have undergone rapid development changes with the completion of shophouses, hotels and condominiums. Completed projects include three and four storey shophouses in Prime Point, Prime Square and Plaza Mahkota. Hotel development includes the Century Mahkota Hotel and Equatorial Hotel. Casalago Condominium, Harmony Condominium and Garden City Apartments are also sited in the vicinity of Taman Melaka Raya.</p>	<p>The subject property comprises a 3 storey shopping complex with one basement level. The commercial / retail complex comprises 3 floors of shopping/commercial area on the basement, ground, first and second floors and basement car park. The building, for this exercise is, assumed to have a total gross floor area of approximately 544,475 sq. ft. (approximately 50,583.38 sq.m.) of which 484,948.00 sq. ft. (approximately 45,053.14 sq.m.) of total net lettable area is retained by Hektar Black Sdn Bhd together with 355 bays of basement car park and 600 bays of open car park.</p> <p>The Certificate Of Fitness For Occupation (C.F.O.) had been issued for the subject building by the Local Authority of Majlis Bandaraya Melaka Bersejarah vide Certificate No. A 00620/93 dated 4 December 1993.</p> <p>The building is sited on Lot 1337 measuring approximately 53,030 sq. meters (i.e. 570,810.15 sq.ft.)</p> <p>The subject property bears postal address No 1, Jalan Merdeka, 75000 Melaka.</p> <p>Excluded from this valuation exercise are:-</p> <ul style="list-style-type: none"> • The retail area already sold <p>A summary of the title details is as follows:</p> <p>Title No. : PN 28957 (formerly known as H.S.(D) 49714) Lot No. : Lot 1337 (formerly known as P.T. 501) Town : Kawasan Bandar XLII District : Melaka Tengah State : Melaka Tenure : 99-year State Lease expiring on 18 July 2101. Land Area : 53,030 sq. m. (13.104 acres or 570,810.15 sq. ft.) Annual Land Rent : RM 76,464.00 Category of Land Use : Building Express Condition : Untuk bangunan perniagaan sahaja. Restrictions In Interest : Tanah ini tidak boleh di pindahkan atau dipajak kecuali dengan kebenaran Pihak Berkuasa Negeri. Registered Owner : Hektar Black Sdn Bhd</p>	<p>RM 233,000,000.00</p> <p>Date of Inspection: 1 May 2006</p> <p>Date of Valuation: 1 May 2006</p> <p>Methods of Valuation: Investment Method and Comparison Method</p> <p>Sources of information: Market transactions, Management's Tenancy List, Client's records.</p>	



	<p>"Mahkota Parade" is strategically located near the "Historical Heritage Area" of Malacca Historic City which comprises tourist attractions like "A Famosa", various museums and the "St. Paul's Hill". These tourist attractions had contributed significantly to the rapid growth and demand for commercial properties in Mahkota Parade and Taman Melaka Raya.</p>
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Tenancy Details

The tenancies at Mahkota Parade are generally for a term of not more than 3 years, with an option to renew for a similar term. In line with normal market practice, tenancy renewals are generally on the same terms and conditions as the original tenancies except for the rental rate, which generally will be revised to the prevailing market rent.

The rent reserved in each tenancy in Mahkota Parade is inclusive of service charges, the latter being payment of the tenant's contribution to all outgoings, costs and expenses of the Landlord paid or payable by the Landlord for the provision of services and facilities therein

A brief summary of the tenancies as at 1 May 2006 is as follows :-

Floor	Occupancy (%)	Monthly Rental (RM p.s.f.)	Major and Notable Tenants	% of Total Net Lettable Area	% of Total Monthly Rental Income
Basement	100	2.00	(i) Parkson Corporation S/B (ii) GCH Retail Malaysia S/B	4.12 4.54	2.11 2.32
	99.77	2.00 to 19.00	(i) Parkson Corporation S/B (ii) Kamdar (South) S/B (iii) Guardian Pharmacy (M) S/B (iv) KFC (M) S/B (v) Bata (Malaysia) S/B (vi) Pizza Restaurants S/B (vii) MPH Bookstores S/B (viii) OSIM (M) S/B (ix) England Optical (M) S/B	8.53 5.35	4.37 3.76
First	100.00	2.00 to 17.00	(i) Parkson Corporation S/B (ii) Daisheng (M) S/B	8.65 1.30	4.43 1.33
	98.27	1.95 to 4.50	(i) Golden Screen Cinemas S/B (ii) Royal Department Store S/B (iii) Food Court (iv) Aussino Malaysia S/B	2.70 6.90 6.86 2.92	2.07 3.97 1.51 2.02



Below are some of the salient valuation assumptions or rates adopted in determining the Market Value of the Subject Property :-

Total Lettable Area (sq. feet)	Occupancy (%)	Yield Rate (%)	Reversion Yield Rate (%)
532,357	98.27%	Rental Revenue and Service Charge for Shop Lots 7.25 (Term) 2.50 (Annual Sinking Fund)	7.75%
		Car Park Revenue 7.50 (Term) 2.50 (Annual Sinking Fund)	Managed By Landlord
		Kiosks/Exhibitions an other income 7.50 (Term) 2.50 (Annual Sinking Fund)	Managed By Landlord




LIM CHOW WAH

Registered Valuer (V-332)

Shamsir Jasani Grant Thornton

Chartered Accountants

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA BALANCE SHEET AS AT ITS DATE OF ESTABLISHMENT

Date: 18 October 2006

The Board of Directors
Hektar Asset Management Sdn. Bhd.
("Hektar Asset Management")
Block A-2-4, Plaza Damas
No. 60, Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur

Dear Sirs

Hektar Real Estate Investment Trust Reporting accountants' letter on the proforma balance sheet as at its date of establishment

We have reviewed the presentation of the proforma balance sheet of Hektar Real Estate Investment Trust ("Hektar REIT") as at its date of establishment, which have been prepared for illustrative purposes only and have been stamped for the purpose of identification, for which the Directors are solely responsible, as set out in the attachment for the purpose of inclusion in the Prospectus to be dated 15 November 2006 in connection with the following transactions:

- i. Establishment of Hektar REIT principally involves the establishment of a real estate investment trust to acquire and invest in income-producing real estate in Malaysia which is primarily used for retail purposes with a view to provide Unitholders with distribution of income and potential capital growth.
 - a) Issuance of the promoter's units

In conjunction with the Establishment of Hektar REIT, 1,000 units issued to the Manager at RM1.00 per unit;
 - b) Appointment of Hektar Asset Management as the manager of Hektar REIT; and
 - c) Appointment of AmTrustee Berhad as the trustee of Hektar REIT
- ii. Acquisitions of Subang Parade and Mahkota Parade ("Acquisitions of the Subject Properties") for a total purchase consideration of RM512,000,000. The Acquisitions of the Subject Properties are to be financed by part proceed from the public offering of RM167,500,000, issuance of 160,500,000 units at an issue price of RM1.00 per unit and borrowings of RM184,000,000.

Shamsir Jasani Grant Thornton (AF:0737)

Level 11, Faber Imperial Court
Jalan Sultan Ismail, P. O. Box 12337
50774 Kuala Lumpur, Malaysia
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APPENDIX II - REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA BALANCE SHEET
(Cont'd)

Shamsir Jasani Grant Thornton 

Vendors	Subject Properties	Considerations RM
Hektar Premier Sdn. Bhd. ("HPSB")	Subang Parade (as defined in the prospectus)	280,000,000
Hektar Black Sdn. Bhd. ("HBSB")	Mahkota Parade (as defined in the prospectus)	232,000,000

iii. Public offering of 159,500,000 units in Hektar REIT for subscription which comprise of the following:-

- 10,000,000 units available for application by the Malaysian public at the retail price of RM1.05 per unit under the retail offering;
- 6,000,000 units available for application by eligible employees, directors and business associates of Hektar Group at the retail price of RM1.05 per unit under the retail offering; and
- 143,500,000 units available for application by institutional and selected investors at an illustrative institutional price of RM1.11 per unit under the institutional offering.

The final retail price will equal the lower of:-

(a) the retail price of RM1.05 per unit; or

(b) 95% of the institutional price, subject to rounding adjustments.

iv. Listing of 320,001,000 units in Hektar REIT on the Main Board of Bursa Malaysia Securities Berhad which includes the units highlighted in Note (i), (ii) and (iii) above.

The proforma balance sheet has been prepared for the above purposes and should not be relied on for any other purposes.

APPENDIX II - REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA BALANCE SHEET
(Cont'd)

Shamsir Jasani Grant Thornton 

In our opinion,

- (i) the proforma balance sheet has been properly compiled on the basis of preparation stated;
- (ii) such basis is consistent with the accounting policies to be adopted by Hektar REIT as disclosed in Note 1.1 of Appendix I; and
- (iii) the adjustments are appropriate for the purposes of the proforma balance sheet.

Yours faithfully,


SHAMSIR JASANI GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS


DATO' N. K. JASANI
NO: 708/03/08(J/PH)
PARTNER

APPENDIX II - REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA BALANCE SHEET
(Cont'd)

Appendix I

Hektar Real Estate Investment Trust ("Hektar REIT")

Proforma balance sheet as at its date of establishment

The proforma balance sheet of Hektar REIT as at its date of establishment as set out below are provided for illustrative purposes only and incorporate the transactions referred to in the notes as if they were effected on the date of Establishment.

		As at Establishment Date (Unaudited) RM'000	Proforma I RM'000
Non-current assets	Note		
Investment properties	2.2 (i)	-	514,922
Current assets			
Cash and cash equivalents		<u>1</u>	<u>14,980</u>
		<u>1</u>	<u>14,980</u>
Current liabilities			
Tenancy and other deposits	2.2 (v)	<u>-</u>	<u>16,316</u>
		<u>-</u>	<u>16,316</u>
Net current assets/(liabilities)		<u>1</u>	<u>(1,336)</u>
		<u>1</u>	<u>513,586</u>
FINANCED BY:-			
Unitholders' fund		1	336,586
Less: Establishment and issue expenses	2.2 (iv)	<u>-</u>	<u>(7,000)</u>
	3	1	329,586
Non-current liabilities			
Borrowings	2.2 (ii)	<u>-</u>	<u>184,000</u>
		<u>1</u>	<u>513,586</u>
Net asset value (RM'000)		1	329,586
Units in issue ('000)		1	320,001
Net asset value per unit (RM)		1.00	1.03

Stamped for the purposes of identification on:
18 OCT 2006
 Shamsir Jasani Grant Thornton

NOTES TO THE PROFORMA BALANCE SHEET

1. Basis of preparation

1.1 The proforma balance sheet of Hektar REIT has been prepared based on the balance sheet as at its date of establishment. It is prepared for illustrative purposes and based on a basis consistent with applicable approved accounting standards in Malaysia and the following accounting policies will be adopted by Hektar REIT:-

(i) Basis of accounting

The financial statements of Hektar REIT will be prepared under the historical cost convention, unless otherwise indicated in the other significant accounting policies.

(ii) Investment properties

Investment properties consist of land and buildings held for investment and rental. Investment properties are stated at fair value in accordance with the fair value model of Financial Reporting Standards ("FRS") 140 - Investment Property.

Under FRS 140, investment properties are measured initially at cost, including transaction costs and costs incurred subsequently to add to, replace part of, or service a property if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Fair value represents the amount at which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction. Gains and losses arising from changes in the fair value of investment properties will be recognised in the current year income statement.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economics benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

(iii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

(iv) Liabilities

Borrowings are recorded at the amount of proceeds received, net of transaction cost. Other payables are stated at cost.

Stamped for the purpose of identification on: 18 OCT 2008 Shamsir Jasani Grant Thornton
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NOTES TO THE PROFORMA BALANCE SHEET (CONT'D)

2. Proforma balance sheets of Hektar REIT

2.1 Proforma balance sheet as at establishment date

The proforma balance sheet as at establishment date includes 1,000 initial units issued to Hektar Asset Management Sdn Bhd as promoter units at RM1.00 per unit to facilitate the initial constitution of Hektar REIT.

2.2 Proforma I

Proforma I incorporates the transactions/adjustments in conjunction with the followings:

(i) Acquisitions of the Subject Properties

Acquisitions of the Subject Properties for a total purchase consideration of RM512,000,000.

Vendors	Subject Properties	Considerations RM
Hektar Premier Sdn. Bhd.	Subang Parade	280,000,000
Hektar Black Sdn. Bhd.	Mahkota Parade	232,000,000

The Acquisitions of the Subject Properties will be settled by the following:-

	RM '000
Proceeds from the public offering as detailed in Note 2.2 (iv)	167,500
Issuance of 160,500,000 units at an issue price of RM1.00 per unit pursuant to the Acquisitions of the Subject Properties	160,500
Borrowings	184,000
	<u>512,000</u>

In addition, Hektar REIT will defray an amount of RM2.92 million to HBSB for refurbishment work at Mahkota Parade. The refurbishment work was undertaken by HBSB on behalf of Hektar REIT immediately prior to the disposal of Mahkota Parade. The cost incurred will be recognised as investment properties.

Stamped for the purpose of identification on: 18 OCT 2006 Shamsir Jasani Grant Thornton
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NOTES TO THE PROFORMA BALANCE SHEET (CONT'D)

2. Proforma balance sheets of Hektar REIT (cont'd)

2.2 Proforma I (cont'd)

(ii) Borrowings

A Murabahah Overdraft facility will be secured to part finance the Acquisitions of the Subject Properties. The profit sharing on the borrowings of RM184 million will be based on cost of funds of the lender bank plus 0.50% to 0.75% per annum.

(iii) Public Offering

Public offering of 159,500,000 units in Hektar REIT for subscription which comprise of the followings:-

- 10,000,000 units available for application by the Malaysian public at the retail price of RM1.05 per unit under the retail offering;
- 6,000,000 units available for application by eligible employees, directors and business associates of Hektar Group at the retail price of RM1.05 per unit under the retail offering; and
- 143,500,000 units available for application by institutional and selected investors at an illustrative institutional price of RM1.11 per unit under the institutional offering.

(iv) Utilisation of Proceeds from the Public Offering Units

The proceeds from the public offering units of RM176,085,000 will be utilised as follows:

	RM'000
Part finance the Acquisitions of the Subject Properties as detailed in Note 2.2(i)	167,500
Working capital	1,585
Estimated listing expenses	7,000
	<u>176,085</u>

A breakdown of the estimated listing expenses is set out below:

	RM'000
Professional fees	1,400
Regulatory fees	140
Underwriting, brokerage and bookbuilding fees	3,400
Advertisement and printing expenses	600
Incidental costs for the acquisition of the Subject Properties	920
Issuing house	150
Miscellaneous	390
	<u>7,000</u>

Stamped for the purpose of identification on:

18 OCT 2006

Shamsir Jaseeni Grant Thornton

APPENDIX II - REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA BALANCE SHEET
(Cont'd)

Appendix I

NOTES TO THE PROFORMA BALANCE SHEET (CONT'D)

2. Proforma balance sheets of Hektar REIT (cont'd)

2.2 Proforma I (cont'd)

(v) Transfer of Tenancy and Other Deposits

All the tenancy and other deposits received of RM16,316,047 from the Subject Properties as at 31 August 2006 will be transferred to Hektar REIT.

A breakdown of the tenancy and other deposits received from tenants is set out below:-

	RM'000
Subang Parade	8,698
Mahkota Parade	7,618
	<hr/>
	16,316
	<hr/>

3. The movement in unitholders' fund is as follows:-

3.1 Unitholders' funds

	Unitholders' funds RM'000
As at date of establishment	1
Add: Proforma I – Creation of new units	336,585
– Establishment and issue expenses	<hr/> (7,000)
	329,586
	<hr/>

Stamped for the purpose of identification on:
18 OCT 2006
Shamsir Jasari Grant Thornton

Shamsir Jasani Grant Thornton

Chartered Accountants

REPORTING ACCOUNTANTS' LETTER ON THE PROFIT FORECAST FOR THE 13 MONTHS FINANCIAL PERIOD ENDING 31 DECEMBER 2007

Date: 18 October 2006

The Board of Directors
Hektar Asset Management Sdn. Bhd.
("Hektar Asset Management")
Block A-2-4, Plaza Damas
No. 60, Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur

Dear Sirs,

We have reviewed the profit forecast of Hektar Real Estate Investment Trust ("Hektar REIT") for the 13 months financial period ending 31 December 2007 as set out in the accompanying statement (which we have stamped for the purposes of identification) in accordance with the Standard on Auditing (AI 3400: the Examination of Prospective Financial Information) applicable to the review of forecast. The profit forecast have been prepared for the purpose of inclusion in the Prospectus to be dated 15 November 2006 in connection with the following transactions: -

- i. Establishment of Hektar REIT principally involves the establishment of a real estate investment trust to acquire and invest in income-producing real estate in Malaysia which is primarily used for retail purposes with a view to provide Unitholders with distribution of income and potential capital growth.
 - a) Issuance of the promoter's units

In conjunction with the Establishment of Hektar REIT, 1,000 units issued to the Manager at RM1.00 per unit;
 - b) Appointment of Hektar Asset Management as the manager of Hektar REIT; and
 - c) Appointment of AmTrustee Berhad as the trustee of Hektar REIT
- ii. Acquisitions of Subang Parade and Mahkota Parade ("Acquisitions of the Subject Properties") for a total purchase consideration of RM512,000,000. The Acquisitions of the Subject Properties are to be financed by part proceed from the public offering of RM167,500,000, issuance of 160,500,000 units at an issue price of RM1.00 per unit and borrowings of RM184,000,000.

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APPENDIX III - REPORTING ACCOUNTANTS' LETTER ON THE PROFIT FORECAST FOR THE THIRTEEN (13) MONTHS FINANCIAL PERIOD ENDING 31 DECEMBER 2007
(Cont'd)

Shamsir Jasani Grant Thornton 

Vendors	Subject Properties	Considerations RM
Hektar Premier Sdn. Bhd. ("HPSB")	Subang Parade (as defined in the prospectus)	280,000,000
Hektar Black Sdn. Bhd. ("HBSB")	Mahkota Parade (as defined in the prospectus)	232,000,000
iii. Public offering of 159,500,000 units in Hektar REIT for subscription which comprise of the following:-		
<ul style="list-style-type: none"> • 10,000,000 units available for application by the Malaysian public at the retail price of RM1.05 per unit under the retail offering; • 6,000,000 units available for application by eligible employees, directors and business associates of Hektar Group at the retail price of RM1.05 per unit under the retail offering; and • 143,500,000 units available for application by institutional and selected investors at an illustrative institutional price of RM1.11 per unit under the institutional offering. 		
The final retail price will equal the lower of:-		
(a) the retail price of RM1.05 per unit; or		
(b) 95% of the institutional price, subject to rounding adjustments.		
iv. Listing of 320,001,000 units in Hektar REIT on the Main Board of Bursa Malaysia Securities Berhad which includes the units highlighted in Note (i), (ii) and (iii) above.		

The forecast have been prepared for the above purposes and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the profit forecast is, in all material aspects, properly prepared on the basis of the assumptions made by the Directors of Hektar Asset Management and is presented on a basis consistent with accounting policies to be adopted by Hektar REIT and complies with generally accepted accounting principles. The Directors of Hektar Asset Management are solely responsible for the preparation and presentation of the profit forecast and the assumptions on which the profit forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which Hektar Asset Management expects to take place and the actions which Hektar Asset Management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

APPENDIX III - REPORTING ACCOUNTANTS' LETTER ON THE PROFIT FORECAST FOR THE THIRTEEN (13) MONTHS FINANCIAL PERIOD ENDING 31 DECEMBER 2007
(Cont'd)

Shamsir Jasani Grant Thornton 

Subject to the above:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of Hektar Asset Management, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and
- (ii) in our opinion, the profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors of Hektar Asset Management and is presented on a basis consistent with applicable approved accounting standards to be adopted by Hektar REIT as disclosed in Note 21 of Appendix I.

Yours faithfully,



SHAMSIR JASANI GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS



DATO N. K. JASANI
NO: 708/03/08(J/PH)
PARTNER

APPENDIX III - REPORTING ACCOUNTANTS' LETTER ON THE PROFIT FORECAST FOR THE THIRTEEN (13) MONTHS FINANCIAL PERIOD ENDING 31 DECEMBER 2007
(Cont'd)

Appendix I

Hektar Real Estate Investment Trust ("Hektar REIT")

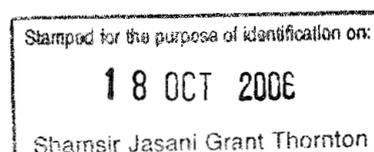
The Directors of Hektar Asset Management forecast that in the absence of unforeseen circumstances, the net income after taxation of Hektar REIT for the 13 months financial period ending 31 December 2007 will be as follows:

	2007 RM'000
Revenue	74,580
Net income before taxation	30,810
Taxation	-
Net income after taxation	30,810

The principal bases and assumptions made by the Directors of Hektar Asset Management upon which the profit forecast has been prepared are set out below:

Revenue

1. Rental income is recognised in the income statement when it accrues and it is based on the assumption that there is no forfeiture of existing tenancy agreements and that all of the tenancy agreements expiring in the forecast year will be renewed upon expiry. Rental income is derived based on forecasted average occupancy rate of approximately 99% for Subang Parade and Mahkota Parade for the 13 months financial period ending 31 December 2007.
2. The tenancy agreements are generally committed for a period of 3 years. Upon expiry of existing tenancy agreement, the rental rates are expected to be revised upward ranging from 0% to 13%.
3. Income from casual tenants and exhibition for the 13 months financial period ending 31 December 2007 is forecasted at approximately RM7,433,000.
4. The operation of beverage concessionaire in Mahkota Parade will be outsourced to HBSB for a proposed rental of approximately RM329,000 for the 13 months financial period ending 31 December 2007 based on the computation of 30% per annum of the gross beverage revenue of the beverage concessionaire.



Hektar Real Estate Investment Trust ("Hektar REIT")

Revenue (cont'd)

5. Car park collection income for the 13 months financial period ending 31 December 2007 is forecasted at approximately RM6,164,000.

Direct Costs

6. Assessment and quit rent are forecasted at approximately RM3,333,000 for the 13 months financial period ending 31 December 2007.
7. Insurance and utilities are forecasted at approximately RM9,072,000 for the 13 months financial period ending 31 December 2007.
8. Pursuant to the property management agreement to be entered into between the Manager and Izrin and Tan Properties Sdn Bhd, the Property Management Company, the marketing and promotion expenses will be incurred by the Property Management Company on behalf of Hektar REIT and will be reimbursed from the Manager. Marketing and promotion expenses are forecasted at approximately RM2,773,000 for the 13 months financial period ending 31 December 2007.
9. Pursuant to the property management agreement, the Subject Properties will be managed by the Property Management Company at a fixed operating cost of approximately RM11,991,000 per annum or 16% of the gross revenue, whichever is higher for 13 months financial period ending 31 December 2007.
10. The property management fee is in accordance with the Valuers, Appraisers and Estate Agent Acts 1981 and will be payable at the following rates based on the property management agreement:-

Scale based on annual gross revenue:-

- 5% of first RM30,000
- 3% of residue up to RM100,000
- 2% of residue over RM100,000

A 5% government service tax on the property management fee will be payable.

11. Allowance for doubtful debts of RM100,000 per year is provided for both Mahkota Parade and Subang Parade for the 13 months financial period ending 31 December 2007.

Trust Expenses

12. The manager's base fee and performance fee are at rate of 0.25% per annum of the gross asset value and 3.50% per annum of net property income before deduction of property management fee. A 5% government service tax on the base fee and performance fee will be payable.

Stamped for the purpose of identification on:

18 OCT 2006

Shamsir Jasani Grant Thornton

APPENDIX III - REPORTING ACCOUNTANTS' LETTER ON THE PROFIT FORECAST FOR THE THIRTEEN (13) MONTHS FINANCIAL PERIOD ENDING 31 DECEMBER 2007
(Cont'd)

Appendix I

Hektar Real Estate Investment Trust ("Hektar REIT")

Trust Expenses (cont'd)

13. The Trustee's fees are based on 0.035% per annum of the net asset value including the manager's fee. A 5% government service tax on the trustee's fees will be payable.

Property Value

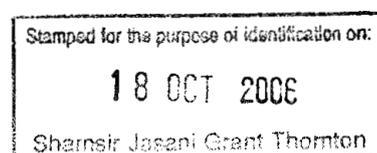
14. Hektar REIT will adopt the fair value model stipulated in Financial Reporting Standard ("FRS") 140: Investment Property. Under the fair value model of FRS 140, the fair value of the investment property shall reflect market conditions at the balance sheet date (i.e. the investment property is revalued every year). Any surplus or deficit will be recognised in the current year income statement. The fair value of the Subject Properties as at 31 December 2007 is assumed to be the same as the purchase consideration.

Borrowings and Borrowings Cost

15. A Murabahah Overdraft facility is expected to be secured to part finance the Acquisitions of the Subject Properties. The profit sharing on the borrowings of RM184 million is at the rate of cost of fund of the lender bank plus 0.50% per annum. The profit rate is assumed at 5.85% per annum. It is assumed that the profit rate will remain at this rate and the facility will be available throughout the forecast year.

Other Assumptions

16. The listing scheme and the establishment of Hektar REIT are assumed to be completed in December 2006.
17. The public offering of 159,500,000 units is assumed to be at the retail price of RM1.05 per unit for 16,000,000 units available for application by the Malaysian public, eligible employees, directors and business associates of Hektar Group and at an illustrative institutional price of RM1.11 per unit for 143,500,000 units available for application by institutional and selected investors.
18. An estimated listing expense of RM7million incurred in relation to the listing scheme and the establishment of Hektar REIT to be paid out of the proceeds from the Public Offering and will be written off against the unitholders' fund.
19. The entire forecasted distributable income for the 13 months financial period ending 31 December 2007 will be distributed to unitholders. The distributable income excludes the fair value adjustments in the income statements, if any. In accordance with the Income Tax Act, 1967, all distributable income that is distributed to unitholders in the same basis period will not be subjected to tax to the Hektar REIT.



Hektar Real Estate Investment Trust ("Hektar REIT")

Other Assumptions (cont'd)

20. There will be no stamp duty expenses to be incurred by Hektar REIT in relation to the Acquisitions of the Subject Properties. Pursuant to Stamp Duty (Exemption) (No. 4) Order 2004, all instruments of transfer of real property to a REIT approved by the Securities Commission are exempted from stamp duty.
21. The profit forecast of Hektar REIT has been prepared on a basis consistent with applicable approved accounting standards in Malaysia. The following accounting policies will be adopted by Hektar REIT:-
- (i) Revenue - rental income
- Revenue from rental of properties is recognised on the accrual basis unless collectibility is in doubt, in which case, they are recognised on a receipt basis.
- (ii) Expenses
- All expenses, including interest and other costs incurred in connection with borrowings, are expensed as incurred.
22. There will be no material contingent liabilities during the forecast year which may materially affect the forecast. Hektar REIT will not be subjected to any material litigation or proceedings which could have a material adverse impact on Hektar REIT's business, operating results and financial condition.
23. There will be no material changes in present legislation or government regulations which will adversely affect the operations of Hektar REIT.
24. Hektar REIT will not be affected by industrial disputes or any other abnormal factors of changes affecting operations or its planned operations.
25. There will be no adverse economic, political and property market conditions which will materially affect the activities of Hektar REIT.
26. There will be no material changes in the planned accounting, management and operational policies of Hektar REIT.
27. There will be no material changes in the current principal activities, composition and structure of Hektar REIT.
28. There will be no significant changes in the rate of inflation.
29. The first financial period end is assumed to be fixed at 31 December 2007.

Stamped for the purpose of identification on: 18 OCT 2006 Sharnsir Jasani Grant Thornton
--

Shamsir Jasani Grant Thornton

Chartered Accountants

REPORTING ACCOUNTANTS' LETTER ON THE PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2008 AND 2009

Date: 18 October 2006

The Board of Directors
Hektar Asset Management Sdn. Bhd.
("Hektar Asset Management")
Block A-2-4, Plaza Damas
No. 60, Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur

Dear Sirs,

We have reviewed the profit projections of Hektar Real Estate Investment Trust ("Hektar REIT") for the financial years ending 31 December 2008 and 2009 as set out in the accompanying statement (which we have stamped for the purposes of identification) in accordance with the Standard on Auditing (AI 3400: the Examination of Prospective Financial Information) applicable to the review of projections. The profit projections have been prepared for the purpose of inclusion in the Prospectus to be dated 15 November 2006 in connection with the following transactions: -

- i. Establishment of Hektar REIT principally involves the establishment of a real estate investment trust to acquire and invest in income-producing real estate in Malaysia which is primarily used for retail purposes with a view to provide Unitholders with distribution of income and potential capital growth.
 - a) Issuance of the promoter's units
In conjunction with the Establishment of Hektar REIT, 1,000 units issued to the Manager at RM1.00 per unit;
 - b) Appointment of Hektar Asset Management as the manager of Hektar REIT; and
 - c) Appointment of AmTrustee Berhad as the trustee of Hektar REIT
- ii. Acquisitions of Subang Parade and Mahkota Parade ("Acquisitions of the Subject Properties") for a total purchase consideration of RM512,000,000. The Acquisitions of the Subject Properties are to be financed by part proceed from the public offering of RM167,500,000, issuance of 160,500,000 units at an issue price of RM1.00 per unit and borrowings of RM184,000,000.

Shamsir Jasani Grant Thornton (AF:0737)

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Vendors	Subject Properties	Considerations RM
Hektar Premier Sdn. Bhd. ("HPSB")	Subang Parade (as defined in the prospectus)	280,000,000
Hektar Black Sdn. Bhd. ("HBSB")	Mahkota Parade (as defined in the prospectus)	232,000,000
iii. Public offering of 159,500,000 units in Hektar REIT for subscription which comprise of the following:-		
<ul style="list-style-type: none"> • 10,000,000 units available for application by the Malaysian public at the retail price of RM1.05 per unit under the retail offering; • 6,000,000 units available for application by eligible employees, directors and business associates of Hektar Group at the retail price of RM1.05 per unit under the retail offering; and • 143,500,000 units available for application by institutional and selected investors at an illustrative institutional price of RM1.11 per unit under the institutional offering. 		
The final retail price will equal the lower of:-		
(a) the retail price of RM1.05 per unit; or		
(b) 95% of the institutional price, subject to rounding adjustments.		
iv. Listing of 320,001,000 units in Hektar REIT on the Main Board of Bursa Malaysia Securities Berhad which includes the units highlighted in Note (i), (ii) and (iii) above.		

The projections have been prepared for the above purposes and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the profit projections are, in all material aspects, properly prepared on the basis of the assumptions made by the Directors of Hektar Asset Management and are presented on a basis consistent with accounting policies to be adopted by Hektar REIT and complies with generally accepted accounting principles. The Directors of Hektar Asset Management are solely responsible for the preparation and presentation of the profit projections and the assumptions on which the profit projections are based.

Projections, in this context, mean prospective financial information prepared on the basis of assumptions as to future events which Hektar Asset Management expects to take place and the actions which Hektar Asset Management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the projections are based, such information is generally future oriented and therefore uncertain.

Shamsir Jasani Grant Thornton 

We should emphasize that the projections cover an extended future period of time for which there are inherent risks and, therefore, should be treated with caution. Due to the extended period of time, there is an inherent limitation on the ability of the Directors of Hektar Asset Management to make best-estimate assumptions. The Directors of Hektar Asset Management in preparing the projections have, therefore, out of necessity, based them on assumptions of future events and actions which are not necessarily expected to take place. Thus, actual results are likely to be different from the projections since anticipated events frequently do not occur as expected and the variation could be material. The profit projections cannot be regarded as profit forecast and accordingly, we do not express any opinion as to whether the profit projections will be achieved nor can we guarantee or confirm the achievement of those results.

Subject to the above:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of Hektar Asset Management, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit projections; and
- (ii) in our opinion, the profit projections, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors of Hektar Asset Management and are presented on a basis consistent with applicable approved accounting standards to be adopted by Hektar REIT as disclosed in Note 18 of Appendix I.

Yours faithfully,


SHAMSIR JASANI GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS


DATO' N. K. JASANI
NO: 708/03/08(J/PH)
PARTNER

APPENDIX IV - REPORTING ACCOUNTANTS' ON THE PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2008 AND 2009 (Cont'd)

Appendix I

Hektar Real Estate Investment Trust ("Hektar REIT")

The Directors of Hektar Asset Management project that in the absence of unforeseen circumstances, the net income after taxation of Hektar REIT for the financial years ending 31 December 2008 and 2009 will be as follows:

	2008 RM'000	2009 RM'000
Revenue	70,236	72,247
Net income before taxation	28,829	29,713
Taxation	-	-
Net income after taxation	28,829	29,713

The principal bases and assumptions made by the Directors of Hektar Asset Management upon which the profit projections have been prepared are set out below:

Revenue

- Rental income is recognised in the income statement when it accrues and it is based on the assumption that there is no forfeiture of existing tenancy agreements and that all of the tenancy agreements expiring in the projections years will be renewed upon expiry. Rental income is derived based on projected average occupancy rate of approximately 99% for Subang Parade and Mahkota Parade for the financial years ending 31 December 2008 and 2009.
- The tenancy agreements are generally committed for a period of 3 years. Upon expiry of existing tenancy agreement, the rental rates are expected to be revised upward ranging from 0% to 15%.
- Income from casual tenants and exhibition is expected to increase 5% and 3% per annum for the financial years ending 31 December 2008 and 2009 respectively.
- The operation of beverage concessionaire in Mahkota Parade will be outsourced to HBSB for a proposed rental projected to increase 3% per annum for the financial years ending 31 December 2008 and 2009 based on the computation of 30% per annum of the gross beverage revenue of the beverage concessionaire.
- Car park collection income is expected to increase 2% per annum for the financial years ending 31 December 2008 and 2009.

Stamped for the purpose of identification on:
18 OCT 2006
 Shamsir Jasani Grant Thornton

Hektar Real Estate Investment Trust ("Hektar REIT")

Direct Costs

6. Assessment and quit rent are projected to remain intact for the projection years.
7. Insurance and utilities are expected to increase 4% per annum for the financial years ending 31 December 2008 and 2009.
8. Pursuant to the property management agreement to be entered into between the Manager and Izrin and Tan Properties Sdn Bhd, the Property Management Company, the marketing and promotion expenses will be incurred by the Property Management Company on behalf of Hektar REIT and will be reimbursed from the Manager. Marketing and promotion expenses are expected to increase 4% per annum for the financial years ending 31 December 2008 and 2009.
9. Pursuant to the property management agreement, the Subject Properties will be managed by the Property Management Company at a fixed operating cost of approximately RM11,691,000 and RM12,294,000 or 16% and 17% of the gross revenue for the financial years ending 31 December 2008 and 2009 respectively, whichever is higher.
10. The property management fee is in accordance with the Valuers, Appraisers and Estate Agent Acts 1981 and will be payable at the following rates based on the property management agreement:-

Scale based on annual gross revenue:-

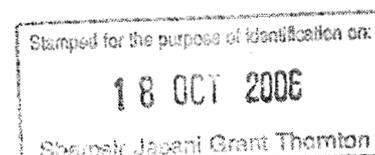
- 5% of first RM30,000
- 3% of residue up to RM100,000
- 2% of residue over RM100,000

A 5% government service tax on the property management fee will be payable.

11. Allowance for doubtful debts of RM100,000 per year is provided for both Mahkota Parade and Subang Parade for the projection years.

Trust Expenses

12. The manager's base fee and performance fee are at rate of 0.25% per annum of the gross asset value and 3.50% per annum of net property income before deduction of property management fee. A 5% government service tax on the base fee and performance fee will be payable.
13. The Trustee's fees are based on 0.035% per annum of the net asset value including the manager's fee. A 5% government service tax on the trustee's fees will be payable.



Hektar Real Estate Investment Trust ("Hektar REIT")

Property Value

14. Hektar REIT will adopt the fair value model stipulated in Financial Reporting Standard ("FRS") 140: Investment Property. Under the fair value model of FRS 140, the fair value of the investment property shall reflect market conditions at the balance sheet date (i.e. the investment property is revalued every year). Any surplus or deficit will be recognised in the current year income statement. The fair value of the Subject Properties as for projection years are assumed to be the same as the purchase consideration.

Borrowings and Borrowings Cost

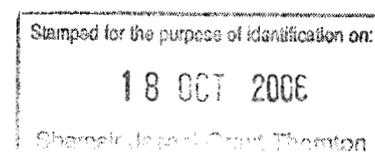
15. A Murabahah Overdraft facility is expected to be secured to part finance the Acquisitions of the Subject Properties. The profit sharing on the borrowings of RM184 million is at the rate of cost of fund of the lender bank plus 0.75% per annum. The profit rate is assumed at 5.85% per annum. It is assumed that the profit rate will remain at this rate and the facility will be available throughout the projection years.

Other Assumptions

16. The listing scheme and the establishment of Hektar REIT are assumed to be completed in December 2006.
17. The entire projected distributable income for the financial years ending 31 December 2008 and 2009 will be distributed to unitholders. The distributable income excludes the fair value adjustments in the income statements, if any. In accordance with the Income Tax Act, 1967, all distributable income that is distributed to unitholders in the same basis period will not be subjected to tax to Hektar REIT.
18. The profit projections of Hektar REIT have been prepared on a basis consistent with applicable approved accounting standards in Malaysia. The following accounting policies will be adopted by Hektar REIT:-

- (i) Revenue - rental income

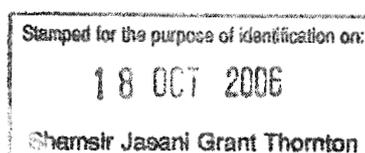
Revenue from rental of properties is recognised on the accrual basis unless collectibility is in doubt, in which case, they are recognised on a receipt basis.



Hektar Real Estate Investment Trust ("Hektar REIT")

Other Assumptions (cont'd)

18. (ii) Expenses
- All expenses, including interest and other costs incurred in connection with borrowings, are expensed as incurred.
19. There will be no material contingent liabilities during the projection years which may materially affect the projections. Hektar REIT will not be subjected to any material litigation or proceedings which could have a material adverse impact on Hektar REIT's business, operating results and financial condition.
20. There will be no material changes in present legislation or government regulations which will adversely affect the operations of Hektar REIT.
21. Hektar REIT will not be affected by industrial disputes or any other abnormal factors of changes affecting operations or its planned operations.
22. There will be no adverse economic, political and property market conditions which will materially affect the activities of Hektar REIT.
23. There will be no material changes in the planned accounting, management and operational policies of Hektar REIT.
24. There will be no material changes in the current principal activities, composition and structure of Hektar REIT.
25. There will be no significant changes in the rate of inflation.



APPENDIX V - TAXATION OF HEKTAR REIT

 **ERNST & YOUNG** Tax Consultants Sdn. Bhd.
(Company No. 179793-K)

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03/2095-7043
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Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

19 October 2006

The Board of Directors
Hektar Asset Management Sdn Bhd
(formerly known as Impiland Sdn Bhd)
Block A-2-4, Plaza Damas
No. 60, Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur

Dear Sirs

TAXATION OF THE REAL ESTATE INVESTMENT TRUST AND UNIT HOLDERS

This letter has been prepared for inclusion in the Prospectus to be dated 15 November 2006 in connection with the offer of units in Hektar Real Estate Investment Trust (hereinafter referred to as “the REIT”).

The purpose of this letter is to provide prospective unit holders with an overview of the Malaysian tax implications of the following:

- Taxation of the REIT
- Taxation of Unit holders

TAXATION OF THE REIT

The taxation of the REIT is subject to the provisions of the Malaysian Income Tax Act, 1967 (“MITA”), particularly Sections 61, 61A and 63C which deal generally with the taxation of unit trusts and unit trusts which are approved by the Securities Commission as Real Estate Investment Trusts.

Income of the REIT, where subject to tax, will be taxed at the rate applicable to REITs, which is currently 28%, after making the tax adjustments outlined below. However, pursuant to the Finance Bill 2006, it is proposed that the income tax rate be reduced to 27% effective from Year of Assessment 2007.

In accordance with Section 61A of the MITA, the REIT will be exempt from income tax on the amount of income distributed to unit holders in the basis period for the year of assessment. Therefore, the REIT is only liable to tax on that portion of its total income that is not distributed to unit holders in the basis period. However, pursuant to the Finance Bill

2006, it is proposed that a REIT be exempted from tax on all income provided that at least 90% of their total income is distributed to unit holders in the basis period.

In arriving at its chargeable income, the REIT will be entitled to deduct those expenses which are allowable under the MITA.

Rental income derived from the letting of real property by the REIT is deemed to be a business source of income. In view of this, the REIT is entitled to claim capital allowances on qualifying capital expenditure incurred on plant and machinery used in its business. The REIT will also be entitled to claim industrial building allowances in respect of those buildings that are defined as industrial buildings in the MITA. However, any unutilised allowances or losses arising from the rental source cannot be carried forward to future years nor can these be deducted against the REIT's other sources of income.

Exempt income

As mentioned above, the REIT will not be taxed on income distributed to unit holders in the basis period for the year of assessment.

The REIT may also receive other tax exempt income as follows:

- Dividends

Tax exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying tax incentives provided under the relevant legislations.

- Interest

- (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
- (ii) interest from debentures (other than convertible loan stock) approved by the Securities Commission;
- (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
- (iv) interest derived from Malaysia and paid or credited by banks or financial institutions licensed under the Banking and Financial Institutions Act 1989 or the Islamic Banking Act 1983;

(v) interest received from bonds or securities issued by Pengurusan Danaharta Nasional Berhad; and

(vi) interest derived from bonds (other than convertible loan stock) paid or credited by any company listed on the Malaysian Exchange of Securities Dealing and Automated Quotation Berhad (MESDAQ).

- Discount

With effect from the year of assessment 2006, tax exemption will be given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

Foreign income

Dividends, interest and other income derived from sources outside Malaysia and received in Malaysia by a resident unit trust is exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

Tax credit

Tax deducted at source from Malaysian dividends received by the REIT will be available for set-off against the tax liability of the REIT. Should the tax deducted at source exceed the tax liability of the REIT, the excess is refundable to the REIT.

Gains from the realisation of investments

Gains from the realisation of investments will not be treated as income of the REIT and hence, are not subject to income tax.

However, gains arising from the disposal of real property or of shares in 'real property companies' [as defined under the Real Property Gains Tax Act, 1976 (RPGTA)] will be subject to real property gains tax under the RPGTA.

Stamp duty on acquisition of real property

The REIT is exempted from stamp duty on all instruments of transfer of real property to the REIT. However, the acquisition of shares in real property companies will be subject to

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stamp duty at the rate of 0.3% on the market value or consideration paid for the shares, whichever is the higher.

TAXATION OF UNIT HOLDERS

For Malaysian income tax purposes, unit holders will be taxed on their share of the distributions received from the REIT.

The income of unit holders from their investment in the REIT broadly falls under the following categories:

1. Distributions from income on which the REIT is exempt from tax pursuant to Section 61A, MITA;
2. Distributions from income on which the REIT has been taxed at 28%; and
3. Distributions from non-taxable and other exempt income of the REIT.

In addition, unit holders may also realise a gain from the sale of units.

The income tax implications of each of the above are explained below.

1. Distributions from income on which the REIT is exempt from tax pursuant to Section 61A, MITA

The unit holder will be taxed on the distributions received at the following tax rates.

Unit holders	Malaysian tax rates
Malaysian tax resident: <ul style="list-style-type: none"> • Individual and non-corporate unit holders (such as co-operatives, associations and societies) • Trust bodies and institutional investors # • Corporate unit holders <ul style="list-style-type: none"> (i) A company with paid up capital in 	<ul style="list-style-type: none"> • Progressive tax rates ranging from 0% to 28% (Final withholding tax of 15% from 1 January 2007)* • 28% (Final withholding tax of 15% from 1 January 2007)* • For every first RM500,000 of

<p>respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment)</p> <p>(ii) Companies other than (i) above</p>	<p>chargeable income @ 20%</p> <ul style="list-style-type: none"> • Chargeable income in excess of RM500,000 @ 28% (27% from the Year of Assessment 2007)* <p>28% (27% from the Year of Assessment 2007)*</p>
<p>Non-Malaysian tax resident (Note):</p> <ul style="list-style-type: none"> • Individual and non-corporate unit holders (such as co-operatives, associations and societies) • Institutional investors # • Corporate unit holders • Trust bodies 	<ul style="list-style-type: none"> • 28% (Final withholding tax of 15% from 1 January 2007)* • 28% (Final withholding tax of 20% from 1 January 2007)* • 28% (27% from the Year of Assessment 2007)* • 28% (Final withholding tax of 15% from 1 January 2007)*

* Proposed reduction pursuant to the Finance Bill 2006.

This means a pension fund, collective investment scheme or such other persons approved by the Minister of Finance.

2. Distributions from income on which the REIT has been taxed at 28% (or 27% with effect from year of assessment 2007 *)

The amount distributed from the REIT will be grossed up to take into account the underlying tax of the REIT and the unit holder will be taxed on the gross distribution at the following rates. Such distributions carry a tax credit, which will be available for set-off against the tax chargeable on the unit holder.

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Unit holders	Malaysian tax rates
<p>Malaysian tax resident:</p> <ul style="list-style-type: none"> • Individual and non-corporate unit holders (such as co-operatives, associations and societies) • Trust bodies • Institutional investors # • Corporate unit holders <ul style="list-style-type: none"> (iii) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) (iv) Companies other than (i) above 	<ul style="list-style-type: none"> • Progressive tax rates ranging from 0% to 28% • 28% (27% from the Year of Assessment 2007)* • Taxed at their own relevant tax rates • For every first RM500,000 of chargeable income @ 20% • Chargeable income in excess of RM500,000 @ 28% (27% from the Year of Assessment 2007)* 28% (27% from the Year of Assessment 2007)*
<p>Non-Malaysian tax resident (Note):</p> <ul style="list-style-type: none"> • Individual and non-corporate unit holders (such as co-operatives, associations and societies) • Institutional investors # • Corporate unit holders • Trust bodies 	<ul style="list-style-type: none"> • 28% • 28% (27% from the Year of Assessment 2007)* • 28% (27% from the Year of Assessment 2007)* • 28% (27% from the Year of Assessment 2007)*



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* Proposed reduction pursuant to the Finance Bill 2006.

This means a pension fund, collective investment scheme or such other persons approved by the Minister of Finance.

3. Non-taxable and exempt distributions

Tax exempt distributions made out of gains from the realisation of investments and other exempt income earned by the REIT will not be subject to Malaysian tax in the hands of the unit holders.

Gains from sale of units

Gains arising from the realisation of investments will not be subject to income tax in the hands of unit holders unless they are insurance companies, financial institutions or traders/dealers in securities.

Unit splits and Reinvestment of distributions

Unit holders may also receive new units as a result of unit splits or may choose to reinvest their distributions. The tax implications of these are as follows:

- Unit splits - new units issued by the REIT pursuant to a unit split will not be subject to tax in the hands of the unit holders.
- Reinvestment of distributions - Unit holders may choose to reinvest their income distribution in new units by informing the Manager. In this event, the unit holder will be deemed to have received the distribution and reinvested it with the REIT.

We hereby confirm that, as at the date of this letter, the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

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19 October 2006

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in the REIT. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in the REIT.

Yours faithfully

Ernst & Young Tax Consultants Sdn Bhd



Azhar Lee

Executive Director

Ernst & Young Tax Consultants Sdn. Bhd. has given their consent to the inclusion of their letter as Tax Adviser in the form and context in which it appears in this Prospectus and has not withdrawn such consent prior to the delivery of a copy of this Prospectus for approval.



INDEPENDENT RETAIL PROPERTY MARKET OVERVIEW REPORT

5 October 2006

Hektar Premier Sdn Bhd
Block A-3-4, Plaza Damas
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Malaysia

Hektar Black Sdn Bhd
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Sri Hartamas, 50480 Kuala Lumpur
Malaysia

Dear Sirs,

HEKTAR REIT - INDEPENDENT MARKET OVERVIEW

As requested, we have prepared an Independent Retail Property Market Overview for the purpose of inclusion in the Prospectus to be issued in connection with the initial public offering of units in the Hektar Real Estate Investment Trust (Hektar REIT), and the listing of Hektar REIT on Bursa Malaysia.

This report contains economic overviews of Malaysia, Selangor and Malacca, as well as overviews of the retail market in the Klang Valley and Malacca. An independent review of the Hektar REIT properties – Subang Parade and Mahkota Parade shopping centres – was also carried out.

Our report has been based upon information available as at 22 June 2006, and updated again on 5 October 2006. Its findings are detailed in the following pages.

MIRP Consult Sdn Bhd

A handwritten signature in black ink, appearing to be 'Tina', written over a horizontal dashed line.

Tina Leong Siew Mun
Research Director

A handwritten signature in black ink, appearing to be 'Cheah', written over a horizontal dashed line.

Cheah Chong Liang
Executive Director

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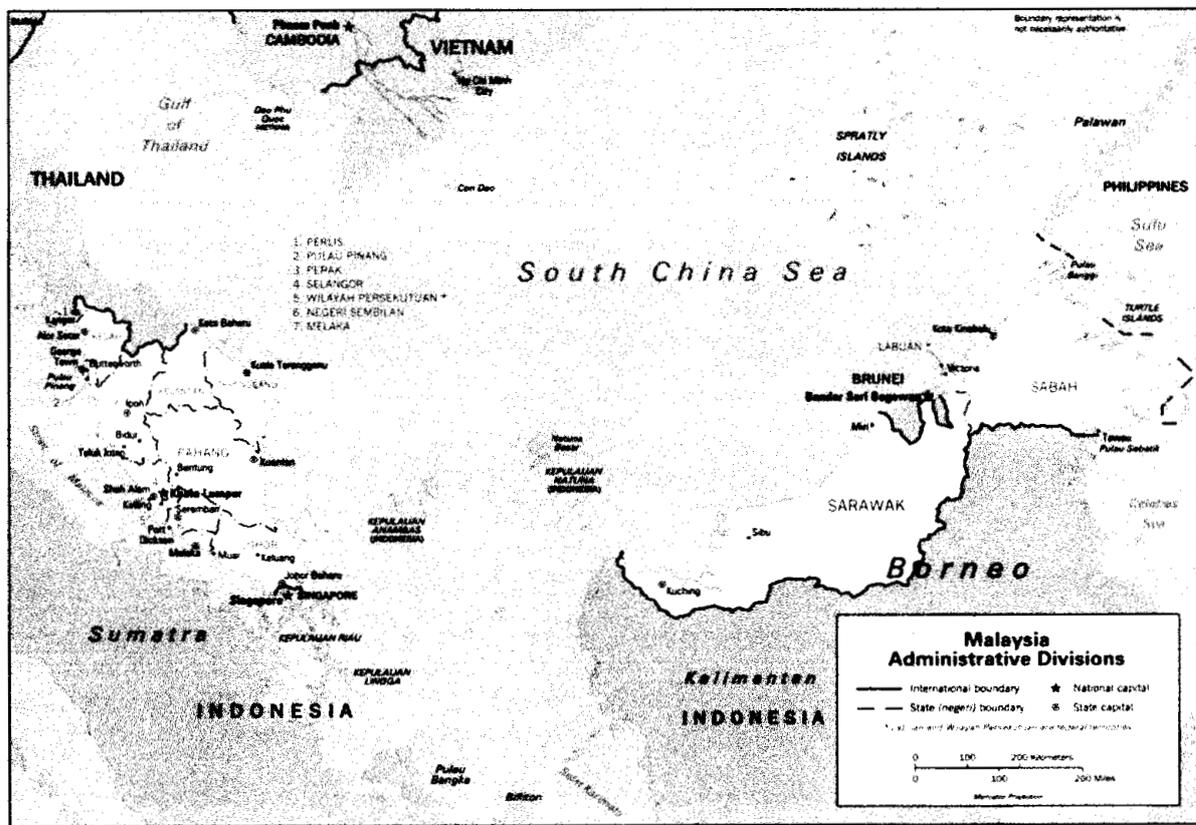
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SECTION 1: OVERVIEW OF THE MALAYSIAN ECONOMY

1.1 Introduction to Malaysia – Geography, Brief History and Government

Map 1: Malaysia and the Region



Malaysia occupies a land area of 330,252 sq km and consists of West (Peninsular) Malaysia and East Malaysia, as shown on Map 1. West Malaysia borders Thailand in the north and in the south, it borders Singapore, separated by the Straits of Malacca.

A former British colony, the Federation of Malaya became independent in 1957. Malaysia was formed in 1963, consisting of Peninsular Malaysia, Singapore and the East Malaysian states of Sabah and Sarawak. Singapore left the federation in 1965 but has remained one of Malaysia's major trading partners.

Malaysia has a population of 26.9 million, of which the Malays and other Bumiputeras constitute a majority of 61%, followed by the Chinese at 24.5%, Indians at 7% and other races, 1%. Non-citizens account for 6% of the population.

Although Malaysia is a federal constitutional monarchy, the functions of the king are now purely ceremonial. Executive power is vested in the Cabinet, led by the Prime Minister. The Cabinet is chosen from among members of both houses of parliament. This consists of a non-elected Upper House of Parliament (the Senate or Dewan Negara) with 70 seats, and a Lower House (the Hall of the People or Dewan Rakyat) with 219 elected seats.

The country's governing coalition Barisan Nasional (BN) has held power since independence. The coalition consists of Malaysia's predominant political party, the United Malays National Organisation (UMNO); the Malaysian Chinese Association (MCA); the Malaysian Indian Congress (MIC), and a number of other smaller parties. This political majority has given BN the free hand to restructure the former agrarian economy to one that is diversified and relatively prosperous, securing it the commendable position of an emerging tiger in the 1990s.

1.2 Current Economic Policy and the 9th Malaysia Plan

The current government under Datuk Seri Abdullah Badawi, has focused on providing infrastructure and an enabling environment for businesses to compete globally. This involves laying out a reform agenda to fight corruption, improve the delivery of government services, reducing red tape, improving efficiency and lowering the cost of doing business. Efforts are also being made to limit broader fiscal risks by reforming government-linked corporations (GLCs).

Malaysia's most recent five-year development plan, the 9th Malaysia Plan (2006-2010) unveiled in March, embodies these objectives and sets out a blueprint in line with the country's vision of attaining developed nation status by 2020. It targets an average growth of 6% per annum between 2006 and 2010.

The development budget for the 9th Malaysia Plan was increased to RM200 billion for the next five years, representing a growth of 17.6% from the RM170 billion allocated for the previous period, with an additional RM20 billion anticipated to come from private sector initiatives. Sectors that received the biggest allocations are education, infrastructure and utilities. A major departure from past plans is the reduced emphasis on mega projects and the focus on smaller scale infrastructural projects that have a higher multiplier effect. Another thrust is the development of human resources or human capital through education, to make Malaysians more competitive globally.

In an attempt to diversify sources of growth, which has emanated largely from the manufacturing and services sectors, the agriculture sector will also be revitalised as the third engine of growth, with emphasis on modernisation and promotion of large scale commercial farming and biotechnology. In the services sector, information communications technology, the financial sector (including Islamic banking), education, tourism and health services have been identified as new areas of growth.

1.3 Historical Economic Performance

Table 1: East Asia and Selected Countries – GDP and GDP Per Capita, 2004

Countries	GDP US\$ billion	GDP International dollars, PPP billions	GDP per Capita International dollars, PPP
China	1,649.3	7,123.7	5,530.0
Korea	679.7	980.7	20,400.0
Singapore	106.8	118.2	26,590.0
Hong Kong	163.0	210.7	31,510.0
Malaysia	117.8	246.0	9,630.0
Thailand	163.5	510.3	8,020.0
Indonesia	257.6	779.7	3,460.0
Japan	4,623.4	3,744.1	30,040.0
Australia	631.3	605.9	29,200.0
United Kingdom	2,140.9	1,832.3	31,460.0
United States	11,667.5	11,628.1	39,710.0

Source: World Bank Development Indicators 2005, UrbisJHD Pty Ltd

Note: The purchasing power parity (PPP) is one of the indicators used to compare the standard of living between countries as it takes into account the differences in wages and cost of living. An international dollar has the same purchasing power over GDP, as a US dollar has in the United States.

Malaysia's economy was valued at International \$246 billion adjusted for Purchasing Power Parities (PPP) in 2004.

The country is classified as an upper middle income country by the World Bank. Its' PPP adjusted GDP per capita amounted to US\$9,630 in 2004, ranking it ahead of Thailand, China and Indonesia. In 2005, Malaysia's GDP per capita on a PPP basis, increased to International \$10,318.

Table 2: East Asia and Selected Countries – Real GDP Growth, 1988-2005 (%)

Country	Averages				2004	2005	2006f	2007f
	1988-1997	1998-2005	1988-2005	2001-2005				
China	9.9	8.8	9.4	9.5	10.1	9.9	9.5	9.0
Korea	7.7	4.2	6.1	4.5	4.6	4.0	5.5	4.5
Taiwan	7.0	4.0	5.6	3.1	6.1	4.1	4.5	4.5
Singapore	9.1	4.4	7.0	3.9	8.7	6.4	5.5	4.5
Hong Kong	5.2	3.8	4.6	4.3	8.6	7.3	5.5	4.5
Malaysia	9.3	3.8	6.8	4.5	7.1	5.3	5.5	5.8
Thailand	8.4	3.0	6.0	5.0	6.2	4.4	5.0	5.4
Indonesia	6.9	2.1	4.8	4.7	5.1	5.6	5.0	6.0
Philippines	3.8	3.8	3.8	4.4	6.0	5.1	5.0	5.6
Japan	2.9	1.0	2.1	1.5	2.3	2.7	2.8	2.1
Australia	3.3	3.5	3.4	3.1	3.6	2.5	2.9	3.2
United Kingdom	2.2	2.7	2.4	2.3	3.1	1.8	2.5	2.7
United States	3.0	3.1	3.1	2.6	4.2	3.5	3.4	3.3

Source: IMF World Economic Outlook 2006

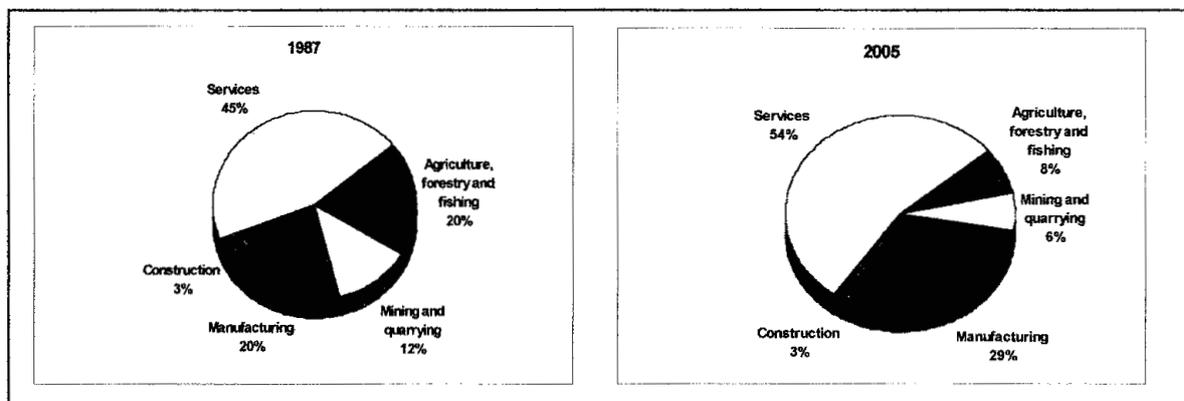
Malaysia's economic growth has been strong, with GDP averaging 6.8% between 1988 and 2005. This is above that achieved by all the countries listed above, except in the instance of Singapore and China.

Growth has largely been driven by the government's policy of attracting foreign direct investments into the manufacturing sector since the 1980s; the implementation of mega-infrastructure projects in the 1990s; and at the turn of the millennium, a combination of strong exports and private domestic consumption.

Malaysia is one of the world's largest trading nations, with exports accounting for 121% of GDP in 2005. Electronics and electrical products in turn, constitute half of exports, at 53% in 2005.

Chart 1 shows the transformation of its economy from 1987 to 2005. Agriculture and manufacturing accounted for a similar share of 20% of GDP in 1987. By 2005, however, agriculture's portion had shrunk to 8% whilst manufacturing's share had increased to 29%. Services' share of GDP also rose, from 45% in 1987 to 54% in 2005.

Chart 1: GDP by Economic Activity, 1987 & 2005



Source: Bank Negara Monthly Bulletins

1.4 Competitiveness

Malaysia improved its competitiveness ranking in 2006, moving up to the 23rd position among 61 economies. According to the World Competitiveness Yearbook Scoreboard compiled by the International Institute for Management Development (Switzerland) (IMD), Malaysia rose from the 28th position registered a year ago. IMD calculates the competitiveness of economies after considering economic performance, government efficiency, business efficiency and infrastructure.

Furthermore, according to the World Economic Forum's Global Competitiveness Index 2006, Malaysia continued to remain the second most competitive country in ASEAN after Singapore.

Malaysia's performance in 2006 is attributed largely to improvements in productivity and efficiency as indicated by its total factor productivity (TFP) which grew by 29% during the Eighth Malaysia plan period (2001-2005), from 24% registered in the previous five-year plan.

Table 3: World Competitiveness Scoreboard – Top 30 Economies, 2005 & 2006

THE TOP 30 (OUT OF 61)			
Country/Region	Rank 2005	Rank 2006	Score 2006
USA	1	1	100.0
Hong Kong	2	2	96.9
Singapore	3	3	91.0
Iceland	4	4	90.2
Denmark	7	5	86.0
Australia	9	6	82.5
Canada	5	7	81.7
Switzerland	8	8	81.5
Luxembourg	10	9	81.5
Finland	6	10	80.9
Ireland	12	11	80.6
Norway	15	12	79.7
Austria	17	13	79.3
Sweden	14	14	77.0
Netherlands	13	15	75.9
Bavaria	18	16	75.5
Japan	21	17	74.2
Taiwan	11	18	73.0
China	31	19	71.6
Estonia	26	20	71.4
United Kingdom	22	21	71.4
New Zealand	16	22	71.2
Malaysia	28	23	70.1
Chile	19	24	70.0
Israel	25	25	68.9
Germany	23	26	68.6
Belgium	24	27	68.1
France	33	28	66.5
India	39	29	64.4
Scotland	35	30	63.5

Source: International Institute for Management Development (Switzerland) (IMD)

1.5 Economic Prospects

After growing by an impressive 7.2% in 2004, the Malaysian economy moderated to 5.2% in 2005 due to a slowdown in exports stemming from flattish global demand for electronics and slower private and public investment growth.

Although overall foreign direct investment inflows into Malaysia slowed to RM15.1 billion in 2005 from RM17.6 billion in 2004, there was a noticeable pick up in foreign investment approvals which rose by 36.1% in 2005. The largest investors were from the US (28.8% of total share), Japan (20.5%) and Singapore (16.3%). It is important to note that these levels are still quite favourable by historical standards.

Both the high levels of inflow and the investment approvals are expected to have a favourable impact on domestic demand in 2006 as it will drive private investment spending. Furthermore, loans growth, stable at 8.8% in the first half of 2006, is showing resilience in spite of an increase in borrowing costs.

Public investments, particularly construction is forecast to rebound in 2006 as the government kick starts unimplemented projects identified in the Eighth Malaysia Plan. This will cushion any significant slowdown in private consumption anticipated due to the dampening factors of oil price and interest rate increases.

First quarter surveys, conducted by the Malaysian Institute of Economic Research (MIER), show diverging trends in business and consumer confidence. Its Business Conditions Index indicates an upturn in the business climate since last quarter of 2005. This is largely due to improved demand in export orders as the electronics business cycle has bottomed out and appears to be on the road to recovery. Exports rose 10.6% in the first half of 2006, underpinned by both the recovery in the electronics industry as well as higher commodity prices.

MIER's Consumer Sentiment Index, however, fell to its lowest in four years for the first quarter of 2006, from 116.1 points in 4Q05 to 90.1 points in 1Q06. Consumers were clearly concerned over the reduction in their purchasing power caused by rising oil prices and interest rate hikes. Consumer sentiment rebounded though, in 2Q06 to 104.2 points, as households adjusted to the price increases.

This has impacted consumer spending as evidenced by MIER's Retail Sector Survey, which fell for the second straight quarter in 1Q06. The index reading fell below the 100-point threshold for the first time since second quarter of 2003, shedding 17.8 points to settle at 88.4 points in 1Q06.

Inflationary Pressures

The government raised oil and diesel prices by 18.5% and 23.4% respectively on Feb 28th this year, the fourth since March 2005. This was deemed necessary, as world oil prices had reached historical highs, rising above US\$65 per barrel from US\$38 in 2004. This has impacted negatively on inflation.

Inflation, as measured by the Consumer Price Index (CPI), rose by an average of 3.9% in the first eight months of the year compared to 3% for the whole of 2005 and 1.4% in 2004. However inflationary pressures have started trending downwards since its high of 4.8% in March. In the month of August, CPI growth fell to a six-month low

of 3.3%. The Producer Price Index also showed signs of easing, posting a slower year-on-year growth of 8.1% in July, compared to double digit growth earlier in the year.

The price of crude oil, which touched a high of US\$78.40 a barrel on July 14, has fallen by 20% and is now hovering at US\$60 per barrel. However, the oil market is expected to be characterised by price volatility in the near term.

Official estimates of 3.5% to 4% for inflation in 2006 looks set to be achievable. The gradual strengthening of the Ringgit could further contribute to lowering imported inflation.

Interest Rates and Foreign Reserves

After seven years of pursuing a relaxed monetary policy, the Central Bank has reversed gear. In April 2006, Bank Negara Malaysia raised the Overnight Policy Rate (OPR) for the third time in six months in April by 25 basis points to 3.50%. The average base lending rate (BLR) of major commercial banks went up to 6.75% by June 2006, from an average of 5.98% in November 2005. Fixed deposit rates, have inched up gradually, with some commercial banks offering 3.9% for 12-month tenures and 4% for longer tenures, from 3.7% in Dec 2005.

The reason behind this tightening against a backdrop of weakening private consumption, is not so much to contain cost-push inflation as to narrow interest rate differentials with other countries and stem the outflow of portfolio funds.

The international reserves of Bank Negara Malaysia have returned to healthy levels, and amounted to US\$79.3 billion as at end August 2006, after decreasing to US\$70 billion in Sept 2005 when foreign investors unwound Ringgit positions in both equities and bonds due to widening differential rates between the US and Malaysia in real deposit rates, a lukewarm stockmarket and a negative real return on domestic deposit rates. Some RM7 billion has already flowed into the country in April as a direct result of monetary tightening strategy. This in turn has led to the Ringgit strengthening.

Domestic interest rates appear to have peaked as Bank Negara Malaysia is no longer under pressure to raise the overnight policy rate (OPR) due to the easing of inflationary pressures. Real interest rates have now returned to the positive again. Rate hikes in the US also appear to have come to a halt as concerns regarding inflation have abated. The US overnight federal funds rate is now at 5.25%.

In view of these recent turn of events, monetary policy is expected to be accommodative rather than continue its cycle of tightening so as to support private consumption and investment.

Exchange Rates

Due to the latest rise in the overnight policy rate, the Ringgit strengthened approximately 8% to a new eight-year high of RM3.5825 on May 11th. Since its de-pegging in July 2005 after China abandoned its owned pegged currency, the Ringgit

has steadily appreciated in line with the rise of other regional currencies.

There is still room for further appreciation, especially should the Chinese government succumb to US pressure to further de-peg the renminbi to correct the trade imbalance currently in favour of China.

Forecast

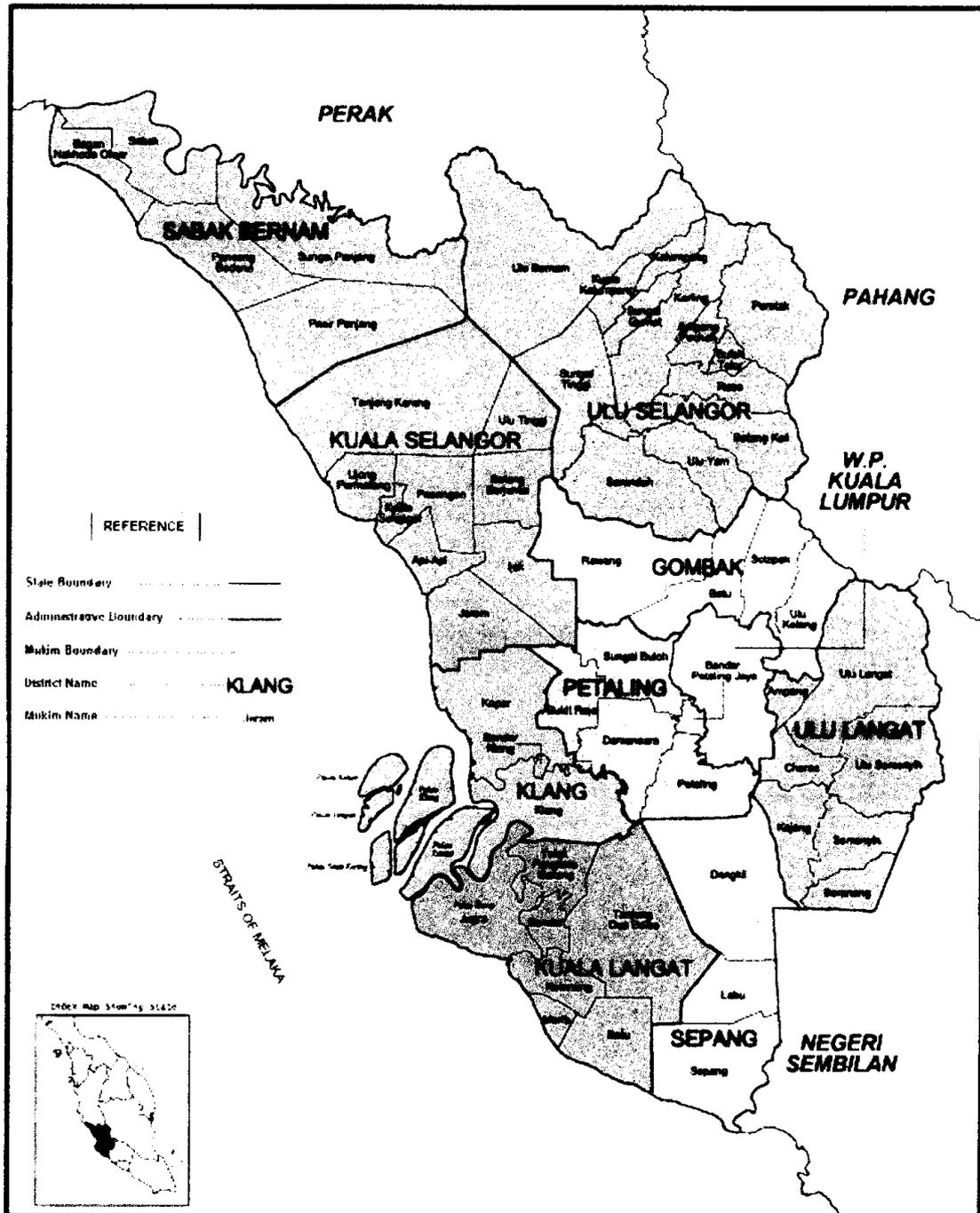
On the international front, the global economy has continued to grow at a moderate pace, despite the high price of oil and rising interest rates. This resilience stems from better efficiency in energy usage, higher productivity growth and intense global competition. The International Monetary Fund (IMF) has projected the global economy to rise by 5.1% growth in 2006 (2005: 4.3%). The US economy is anticipated to grow at 3.4% in 2006, slightly lower than 3.5% in 2005. However, amid a cooling housing market, the US economy is expected to slow down to 2.9% in 2007.

In Malaysia, households are expected to adjust to the increase in the cost of living in the longer term, and growth in consumption spending can be expected to remain relatively resilient, albeit slower at 6%-7% in 2006, compared to 9.2% in 2005 and 10.5% in 2004. Mitigating factors include steadily rising household incomes, low unemployment and access to the financial system. This trend of sustained, albeit more subdued growth in consumption spending, is expected to reflect upon the retail sector.

Based on the country's robust industrial production index (up 5.9% in the first half of 2006 from 3.1% in the corresponding period), Malaysia posted a second quarter GDP growth of 5.9%, up from 5.5% registered in the first quarter and faster than the 4.1% posted in the second quarter of 2005.

In view of the stronger industrial production, steady export growth and a pick up in the construction sector, Malaysia's GDP for 2006 should be in a comfortable position to meet projected estimates of 5.0%- 6.0%.

Map 2: Map of Selangor, Showing Administrative District and Mukim Boundaries



Source: Population Distribution by Local Authority Areas and Mukims, Census 2000, Department of Statistics Malaysia

SECTION 2: OVERVIEW OF SELANGOR'S ECONOMY

2.1 General Description of Selangor

The state of Selangor occupies a land area of 7,930 sq km. It shares its geographical border with Kuala Lumpur, the nation's capital city and financial centre. Selangor consists of nine districts in total, the largest in terms of population is the Petaling district, in which Subang Parade is located.

Kuala Lumpur, combined with major parts of Selangor (comprising the districts of Ulu Langat, Klang, Petaling, Gombak and Dengkil), constitutes what is commonly known as the 'Klang Valley', where the engine of growth of the nation is.

A map of the state is shown on the previous page.

2.2 The Economy of Selangor

Table 4: GDP of Selangor (in constant 1987 prices)

Distribution of GDP	1997 % Share	2001 % Share	2005 % Share
Agriculture	2.6%	2.5%	2.3%
Mining & Quarrying	0.9%	0.8%	0.7%
Primary Sector	3.5%	3.3%	3.0%
Manufacturing	51.1%	52.6%	54.5%
Construction	6.3%	4.3%	3.4%
Secondary Sector	57.3%	56.9%	57.9%
Electricity, Gas & Water	4.1%	5.0%	5.0%
Transport, Storage & Communications	12.5%	13.8%	13.9%
Wholesale & Retail Trade, Hotels & Restaurants	8.9%	8.6%	8.1%
Finance, Insurance, Real Estate & Business Services	7.9%	8.5%	9.0%
Government Services	6.9%	7.1%	7.1%
Other Services	2.3%	2.4%	2.2%
Tertiary Sector	42.7%	45.5%	45.4%
Less: Imputed Bank Service Charges	7.1%	8.1%	8.5%
Plus: Import Duties	3.6%	2.4%	2.2%
Total	100.0%	100.0%	100.0%
GDP, Selangor (RM mil), const. 1987 prices	40,741.1	45,873.1	58,110.6
GDP, Malaysia (RM mil), const. 1987 prices	196,714.0	211,227.0	262,029.0
Selangor's GDP as a % of Malaysia's GDP	20.7%	21.7%	22.2%
GDP per capita, Selangor (RM), current prices	n.a.	n.a.	22,877
GDP per capita, Malaysia (RM), current prices	13,007	13,928	18,928

Source: Selangor State Economic Report 2005/ 2006

Amongst the states, Selangor accounts for the largest share of national GDP, at 22% or RM58.1 billion in 2005.

Selangor's GDP grew at a compounded average annual rate of 5.2% between 2000 and 2005, above the nation's average of 4.5% p.a. over the same period. Its per capita GDP at current prices, of RM22,877, was approximately 21% higher than the national average of RM18,928 in 2005.

The Manufacturing sub-sector is the most significant contributor to Selangor's economy, constituting over half or 55% of its GDP in 2005. This industry has grown in importance over the years, having accounted for a lower 51% of GDP previously in 1997.

The Tertiary Sector, consisting of services, also plays an important role in the state's economy, contributing approximately 45% to GDP in 2005. Under this category, the Transport, Storage and Communications sub-sector contributed 14%; the Finance, Insurance, Real Estate and Business Services sub-sector 9% and the Wholesale and Retail Trade, Hotels & Restaurants sub-sector 8% to GDP.

The Tertiary sector has also been growing since 1997, with growth coming from the utilities; transport, storage and communications and the finance, insurance, real estate services.

The construction sub-sector has seen its share of GDP declining from about 6% in 1997 to approximately 3% in 2005, following the completion of large-scale infrastructure projects and lesser mega projects being implemented.

Under the 9th Malaysia Plan, the Selangor economy is forecast to grow at an average annual rate of 6.4% between 2006 and 2010, above the projected national average of 6% p.a.

2.3 Population, Employment and Income of Selangor

Population

The total population of Selangor, based on the 2000 Census, was 4.2 million. This is projected by the Department of Statistics to have grown at a compounded average annual rate of 2.5% p.a. to reach approximately 4.7 million in 2005. By 2020, the state is projected to have a population of approximately 6.3 million.

Table 5: Estimated and Projected Population of Selangor, 2000 – 2020

Year	2000	2005	2010	2015	2020
Population ('000)	4,188.9	4,736.1	5,287.9	5,812.8	6,311.6
Year		2001-05	2006-10	2011-15	2016-20
Compounded Average Annual Growth Rate		2.5%	2.2%	1.9%	1.7%

Source: Department of Statistics Malaysia

Note: We note that these official growth projections may be conservative, as projections provided by state structure plans other sources have been higher.

The gender distribution in the state comprises 51.1% males and 48.9% females.

Table 6: Estimated Ethnic Distribution, Selangor, 2005

Ethnic Group	Percentage
Malays	50.7%
Chinese	28.1%
Indians	13.4%
Other Bumiputera	1.5%
Others	1.0%
Non-Malaysian Citizens	5.3%
Total	100.0%

Source: Department of Statistics Malaysia

The major ethnic group in Selangor is the Malays, who make up 51% of the state's population; followed by the Chinese at 28% and Indians at 13%. Non-Malaysian citizens form about 5% of the state's population.

Independent Retail Property Market Overview for HEKTAR REIT – Oct 2006

Table 7: Estimated Age Distribution, Selangor, 2005

Age Group	Percentage
0-19	39.6%
20-39	35.1%
40-59	20.3%
60+	5.0%
Total	100.0%

Source: Department of Statistics Malaysia

The state of Selangor has a relatively young population, with 40% aged below 20 years.

Those aged between 20 and 39 years account for 35% of the population whilst adults from 40-59 years comprise 20% of the population. Those aged 60 years and above, account for an estimated 5% of the population.

Employment

Table 8: Distribution of Employment by Sector in Selangor, 2005

Sectors	2005 % Share
Agriculture, Forestry, Hunting and Fishing	3.3%
Mining and Quarrying	0.1%
Primary Sector	3.4%
Manufacturing	24.5%
Construction	9.6%
Secondary Sector	34.1%
Wholesale and Retail Trade, Hotel and Restaurants	22.1%
Financial Service, Insurance, Real Estate & Business	11.7%
Transport, Storage and Communication	7.5%
Electricity, Gas and Water	0.7%
Public and Social Services	20.5%
Tertiary Sector	62.5%
Total	100.0%
Workforce	2,014,765
Unemployment Rate	3.5%

Source: Selangor State Economic Report (2005-2006), Selangor State Economic Planning Unit

The Tertiary Sector employed the bulk of 62.5% of the workforce in Selangor in 2005, with the Wholesale and Retail Trade, Hotel and Restaurants sub-sector contributing the lion's share of 22%.

The Secondary Sector, comprising the manufacturing and construction industries, was the second largest employment sector in the state, at 34% in 2005.

The Primary Sector engaged the least or only 3% of the total workforce in Selangor. According to the state's Economic Planning Unit, Selangor's workforce is estimated at approximately 2 million workers in 2005. The state has practically full employment, with an unemployment rate of only 3.5% in 2005.

Income

The average household income in Selangor was estimated by the Economic Planning Unit of Malaysia to approximate RM5,175 per month in 2004. Between 1995 and 2004, average household income grew at a compounded average annual rate of 5.6%, from RM3,162 per month in 1995.

From the table below, it is seen that household income dipped between 1997 and 1999 due to the Asian financial crisis and regional economic downturn.

Table 9: Estimated Average Monthly Household Income, Selangor, 1995-2004

Year	1995	1997	1999	2004
Average Household Income (RM)	3,162	4,006	3,702	5,175
Year	1995 – 1997	1997 – 1999	1999 - 2004	1995 - 2004
Compounded Average Annual Growth Rate	12.6%	-3.9%	6.9%	5.6%

Source: 8th Malaysia Plan, 9th Malaysia Plan – Economic Planning Unit, Prime Minister's Department

2.4 Tourism in the Klang Valley

The number of domestic and international tourist arrivals to the Klang Valley can be estimated by the number of guests that stay in its hotels.

From the tables below, the estimated number of hotel guests in Kuala Lumpur and Selangor totalled 18.4 million in 2005, of which those staying in Selangor were lower at 3.2 million. This indicates that majority of the tourists to the Klang Valley tend to stay in hotels in Kuala Lumpur city. This is understandable as Kuala Lumpur International Airport is the major international gateway to Malaysia, with the Central Business District and majority of the hotels being located in Kuala Lumpur city.

Table 10: Hotel Guests by Locality, Selangor, 2000 - 2005

	2000	2001	2002	2003	2004	2005
Domestic Tourists	763,005	956,531	1,202,495	1,344,194	1,435,559	1,633,080
% of Total Tourists	39%	44%	40%	47%	50%	51%
International Tourists	1,217,021	1,202,324	1,817,854	1,523,660	1,458,196	1,586,772
% of Total Tourists	61%	56%	60%	53%	50%	49%
Total Arrivals	1,980,026	2,158,855	3,020,349	2,867,854	2,893,755	3,219,852
% Growth		9%	40%	-5%	1%	11%

Source: Tourism Malaysia

Table 11: Hotel Guests by Locality, Kuala Lumpur, 2000 - 2005

	2000	2001	2002	2003	2004	2005
Domestic Tourists	2,336,069	2,507,806	2,847,583	2,850,343	6,498,181	7,242,972
% of Total Tourists	39.5%	37.2%	36.1%	40.0%	47.4%	47.9%
International Tourists	3,573,358	4,241,132	5,036,269	4,276,440	7,220,366	7,891,917
% of Total Tourists	60.5%	62.8%	63.9%	60.0%	52.6%	52.1%
Total Arrivals	5,909,427	6,748,938	7,883,852	7,126,783	13,718,547	15,134,889
% Growth		14.2%	16.8%	-9.6%	92.5%	10.3%

Source: Tourism Malaysia

Tourist arrivals to Selangor have increased at a rapid average annual rate of 10% from 2 million in 2000, to 3.2 million 2005. This is contributed mainly by the strong growth in domestic tourism, which has been rising at an average annual rate of 16% over the same period, from 763,005 in 2000, to 1.6 million in 2005.

International tourist arrivals grew at only 5% per annum on average over the same period, from 1.2 million in 2000 to 1.6 million in 2005. The slower growth was due to the negative impact from the Sept 11 terrorist incident in 2001, the Bali bombing in Oct 2002, and the SARs (Severe Acute Respiratory Syndrome) outbreak in 2003.

The strong growth in domestic tourism has been observed not only in Selangor and Kuala Lumpur, but in other states in Malaysia as well. It stems partly from the reduction in outbound travelling as a result of higher exchange rates, external security and health threats, lower domestic air fares offered by budget airlines, as well as the federal government's efforts in promoting domestic tourism. Other factors include improved domestic household incomes and the reduction of the work week from 5.5 days to 5 days in the civil and banking services over the last few years.

The top five major markets in terms of international tourist arrivals to Selangor in 2004, were Singapore, Japan, Australia, United Kingdom and Thailand.

The top five major markets in terms of international tourist arrivals to Kuala Lumpur in 2004, were Singapore, China, India, Indonesia and the United Kingdom.

Table 12: Top 5 International Hotel Guests in Selangor & KL, by Country of Residence, 2004

Selangor:

Country of Residence:	% of Total Foreign Guests
Singapore	12.9%
Japan	8.9%
Australia	7.5%
United Kingdom	6.0%
Thailand	4.4%

* Excludes Federal Territory of Putrajaya. Source: Tourism Malaysia

Kuala Lumpur:

Country of Residence:	% of Total Foreign Guests
Singapore	12.5%
China	8.5%
India	5.1%
Indonesia	5.0%
United Kingdom	5.0%

Source: Tourism Malaysia

Going forward, international tourist arrivals are expected to improve in the Klang Valley, barring unforeseen external circumstances. The World Tourism Organisation has forecast that the East Asia and Pacific Region will receive 200 million travellers by 2010, majority of whom are intra-regional tourists. Based on the 9th Malaysia Plan, tourist arrivals to Malaysia are anticipated to grow at an average rate of 8.4% p.a. to reach an estimated 24.6 million by 2010.

Domestic tourism is expected to remain strong, with continued promotional programs by the federal government.

2.5 Retail Sales

Table 13: Retail & Restaurant Sales in Selangor and Kuala Lumpur, 2001

Locations	Estd. Retail Sales (RM' 000)	Restaurant Sales (RM' 000)	Total Sales (RM' 000)
Selangor	11,982,396	2,776,114	14,758,510
Kuala Lumpur	10,693,427	2,575,158	13,268,585
Total, Selangor & KL	22,675,823	5,351,272	28,027,095
Total, Malaysia	62,182,548	13,171,736	75,354,284

Note: Estimated Retail Sales is arrived at after deducting 13.9% representing the sale of automotive fuel. Retail Sales does not include the wholesale trades or the motor vehicle trade and related activities.

Source: Census of Distributive Trades 2002, Department of Statistics

In 2001, the Department of Statistics (DOS) conducted a Census on the wholesale and retail trades, motor vehicle trade and related activities, and restaurants, in the country.

The DOS' definition of retail sales included the sale of automotive fuels, which represented approximately 13.2% of retail revenues generated. Excluded are sales by farmers of farm products; bakeries; tailoring shops and shops making photo frames.

In terms of restaurant sales, excluded from their definition are restaurant facilities operated by hotels, offices, manufacturing plants and educational institutions.

For our purposes, we have deducted sales of automotive fuels from our definition of retail sales. As a result, total retail and restaurant sales are estimated to be RM14.8 billion in Selangor and RM13.3 billion in Kuala Lumpur in 2001, as shown in the earlier table. Combined, they represent approximately 37% of the country's total retail and restaurant sales of RM75.3 billion in 2001.

Table 14: Estimated Retail & Restaurant Sales in Selangor and KL, 2002-2005

Year	Growth in Private Consumption Expenditure (Current Prices)	Estimated Retail & Restaurant Sales (RM'000)		
		Selangor	Kuala Lumpur	Malaysia
2001	3.6%	14,758,510	13,268,585	75,354,284
2002	5.9%	15,629,262	14,051,432	79,800,187
2003	8.1%	16,895,232	15,189,598	86,264,002
2004	11.8%	18,888,869	16,981,970	96,443,154
2005	12.0%	21,155,534	19,019,807	108,016,333

Source: Bank Negara Malaysia; Census of Distributive Trades 2002 – Department of Statistics Malaysia; MIRP Consult Sdn Bhd

As updated figures on retail and restaurant sales are not available, we have used the annual growth in private consumption expenditure (PCE) as a proxy for the growth in retail and restaurant sales from 2002 to 2005. The PCE is sourced from the national accounts and as seen from Table 14, grew at double digit rates in 2004 and 2005 in response to the improved economy and growth in household incomes.

Overall, it is estimated that total Retail and Restaurant Sales amounted to RM21.2 billion in Selangor, RM19 billion in Kuala Lumpur and RM108 billion in the whole of Malaysia, for 2005.

Going forward, private consumption spending is generally expected to grow at a slower rate in 2006 and possibly 2007, as a result of inflationary pressures.

SECTION 3: RETAIL MARKET OVERVIEW OF THE KLANG VALLEY

3.1 Existing Supply of Shopping Centres

It was during the 1970s that modern enclosed shopping centres emerged in the Klang Valley. Prior to this, most retail space was provided for, in shop houses, in strip retailing and in markets. The retail landscape then, comprised mainly of traders, small department stores, supermarkets and emporiums that were accommodated primarily in shop houses. The earliest centres that were constructed were: Campbell Complex in 1972, Ampang Park in 1973 and Pertama Complex in 1974, in Kuala Lumpur's Central Business District areas of Jalan Tuanku Abdul Rahman and Jalan Ampang. This was followed by Sungei Wang Plaza in 1977, Bukit Bintang Plaza and Imbi Plaza in 1979, in the Bukit Bintang area, in Kuala Lumpur.

In Selangor, the earliest constructed was Jaya Shopping Centre in 1974 in Petaling Jaya.

Most of the centres that came on stream during the period had smaller net lettable areas ranging from 100,000 sq ft to 300,000 sq ft, with the exception of Sungei Wang Plaza, which was larger at over 600,000 sq ft.

In the 1980s, suburban malls began emerging in Selangor, such as The Atria in 1985 in Petaling Jaya. Subang Parade was the first regional suburban mall to open in Selangor and it was during the eighties, that sizes of the malls increased in Selangor with Subang Parade being the largest, with nearly 500,000 sq. ft in its net lettable area.

The rapid economic growth of the 1990s fuelled a construction boom that saw a sharp increase in the number of new shopping centres in the Klang Valley. Larger regional centres ranging from 800,000 sq ft to 1.7 million sq ft, both in the city and suburbs, were constructed during this period, namely One Utama (1995) and Sunway Pyramid (1997) in Selangor; Suria KLCC (1998) and Mid Valley Megamall (1999) in Kuala Lumpur.

The 1990s also saw the emergence of big box retailing formats such as hypermarkets like Giant and Carrefour.

The retail landscape post 2000, has continued to be dynamic. A trend that has been emerging over the years is the growth of some shopping precincts that have arisen from the agglomeration of centres being located near each other. Examples of these are:

- the Bukit Bintang area, comprising Sungei Wang, Bukit Bintang Plaza, Lot 10, KL Plaza, Starhill, Low Yat Plaza, Imbi Plaza and Berjaya Times Square;
- the Jalan Tuanku Abdul Rahman area, comprising Maju Junction, Sogo and Pertama Complex, in Kuala Lumpur;
- the Mutiara Damansara area, comprising the Curve, Ikano Power Centre, Tesco and Cineleisure Damansara; and,

- the Puchong area comprising Tesco and IOI Mall.

These precincts, comprising clusters of centres near each other, are an agglomeration of enclosed shopping centres or big box retailers like supermarkets (e.g. Giant, Tesco, Carrefour) that anchor their own stand alone buildings which, locate near or next to shopping centres that are established.

As at June 2006, the supply of enclosed shopping centres in the Klang Valley totalled 34.1 million sq ft in net lettable area, of which 48% are located in Selangor and 52% in Kuala Lumpur. This is shown in the tables below.

The supply of shopping centres has grown at a compounded average rate of 20% p.a. between 1990 and 2005 in Selangor, and 8.7% p.a. in Kuala Lumpur over the same period.

Table 15: Existing Supply of Shopping Centres in Selangor and Kuala Lumpur, 1990-1H 2006

Selangor (including Putrajaya):

Year	No. of Buildings	Net Lettable Area (sq ft)	% Increase
1990	4	1,047,179	
1991	5	1,150,298	9.8%
1992	5	1,150,298	0.0%
1993	7	1,500,298	30.4%
1994	9	1,813,298	20.9%
1995	17	5,125,826	182.7%
1996	22	6,362,190	24.1%
1997	25	8,117,971	27.6%
1998	28	9,303,303	14.6%
1999	31	10,083,754	8.4%
2000	32	10,231,261	1.5%
2001	32	10,231,261	0.0%
2002	34	10,438,900	2.0%
2003	40	12,134,814	16.2%
2004	44	14,767,860	21.7%
2005	49	15,721,658	6.5%
1H, 2006	51	16,285,700	3.6%

Table 15 (Cont): Existing Supply of Shopping Centres in Selangor and Kuala Lumpur, 1990-1H 2006
Kuala Lumpur:

Year	No. of Buildings	Net Lettable Area (sq ft)	% Increase
1990	23	5,074,625	
1991	24	5,175,484	2.0%
1992	26	5,605,676	8.3%
1993	26	5,605,676	0.0%
1994	29	6,643,311	18.5%
1995	33	8,025,200	20.8%
1996	35	8,393,063	4.6%
1997	39	9,491,511	13.1%
1998	44	11,611,647	22.3%
1999	47	13,876,898	19.5%
2000	47	14,057,217	1.3%
2001	47	14,057,217	0.0%
2002	49	14,525,448	3.3%
2003	52	16,527,952	13.8%
2004	55	17,026,220	3.0%
2005	59	17,790,871	4.5%
1H, 2006	59	17,830,781	0.2%

Note: The table above includes stand-alone hypermarkets. Source: MIRP Consult

3.2 Retail Floor Space Provision

The 'total' retail floor space in Kuala Lumpur and Selangor comprises mainly:

- i. Shopping centres, and
- ii. Other types of retail space such as smaller, open air shopping arcades; smaller retail podiums in office and hotel buildings; street shops in shop houses, etc.

There are no official figures on 'total' retail floor space available. Whilst the amount of shopping centre floor space can be computed in a relatively straightforward manner by relying on our data in the earlier table, the derivation of other types of retail space requires some assumptions.

In particular, we have assumed that in terms of the street shops, 55% of ground floor units are used for retail, with an average floor area of 1,440 sq ft. Our definition of retail space excludes areas utilised for motor vehicle sales, repairs and related trades; banks; clinics; travel agencies; property marketing offices; real estate agencies and other forms of offices.

Information on the supply of street shops is obtained from the Property Market Report (PMR) produced by the Valuation and Property Services Department. Information on other types of retail space, apart from street shops, can also be derived from the PMR.

Our estimate of the total retail floor space in Kuala Lumpur and Selangor, as well as the space per capita, are shown in the tables below.

Table 16: Shopping Centre and Retail Floor Space Provision in Kuala Lumpur and Selangor, 2005

State/Area	Retail Floor Space (Sq Ft) *		
	Shopping Centre	Other	Total
Selangor**	15,721,658	35,684,675	51,406,333
Kuala Lumpur	17,790,871	16,885,784	34,676,655
Total, Selangor & Kuala Lumpur	33,512,529	52,570,459	86,082,988

* Net lettable area

** Includes Putrajaya

Source: MIRP Consult; Property Market Reports, Valuation and Property Services Dept, Ministry of Finance

Table 17: Shopping Centre and Retail Floor Space Per Capita in Kuala Lumpur and Selangor, 2005

State/Area	Retail Floor Space Per Capita (Sq Ft)		
	Shopping Centre	Other	Total
Selangor**	3.3	7.5	10.9
Kuala Lumpur	11.4	10.9	22.3
Average, Selangor & Kuala Lumpur	5.3	8.4	13.7

** Includes Putrajaya

Source: MIRP Consult; Property Market Reports, Valuation and Property Services Dept, Ministry of Finance

It is estimated that Selangor has 51.4 million sq ft of retail space, of which 31% or 15.7 million sq ft comprises purpose-built enclosed shopping centres. This works out to a provision of 10.9 sq ft of retail space per person.

Kuala Lumpur is estimated to have 34.7 million sq ft of retail space, of which 51% or 17.8 million sq ft are in the form of purpose-built enclosed shopping centres. This works out to a provision of 22.3 sq feet of retail space per person.

The next two tables provide an international comparison of retail floor space per capita. Malaysia's total retail space per capita has also been computed and included in these tables.

Generally, Malaysia has a lower retail floor space per capita, in comparison to Singapore, Korea, Japan and the other countries listed. Malaysia is estimated to have a shopping centre floor space per capita of 2.8 sq ft per person and a total retail floor space per capita of 10.7 sq ft per person in 2005.

Table 18: International Comparisons of Retail Floor Space Per Capita, 2004

Countries	Shopping Centre Floor Space per Capita (Sq Ft)
Japan	3.2
United Kingdom	3.2
Singapore	3.2
Australia	7.5
United States	21.5
Malaysia (2005)	2.8
<i>Selangor (2005)</i>	3.3
<i>Kuala Lumpur (2005)</i>	11.4

Countries	Total Retail Floor Space per Capita (Sq Ft)
Singapore	10.8
Japan	10.8
South Korea	12.9
Hong Kong	12.9
United Kingdom	14.0
Australia	22.6
United States	37.7
Malaysia (2005)	10.7
<i>Selangor (2005)</i>	10.9
<i>Kuala Lumpur (2005)</i>	22.3

Source: UrbisJHD Pty. Ltd – Retail Market Macro Analysis Report by Savills (Hong Kong) Ltd for The Link REIT, Sept 2005; MIRP Consult

In terms of *shopping centre* floor space per capita, Selangor has a slightly higher provision compared to Singapore, Japan and the UK, at 3.3 sq ft per person. Kuala Lumpur, being a city, has a relatively high provision of shopping centre floor space per capita, at 11.4 sq ft per person, but still ranks below the US' ratio of 21.5 sq ft per person.

In terms of *total retail* floor space per capita, Selangor is slightly ahead of Singapore and Japan, at 10.9 sq ft per person, but below Hong Kong, South Korea, UK, Australia and the US.

Kuala Lumpur, meanwhile, has a higher provision of retail space per capita, at 22.3 sq ft per person, but still ranks below Australia and the United States.

3.3 Future Supply of Shopping Centres

Table 19: Future Supply of Selected Shopping Centres in Selangor, as at June 2006

Under Construction, as at June 2006:

Shopping Centre	Location	Expected Year of Completion	Estimated NLA (sq ft)
AEON Cheras Selatan	Cheras	2006	368,000
Mydin USJ	USJ 1	2006	~ 273,000
Jaya 33 retail podium	Jalan Semangat, Petaling Jaya	2006	~ 110,000
Tesco Ampang	Dataran Pandan Prima	2006	n.a.
Centro retail podium	Jalan Batu Tiga Lama, Klang	2006	150,000
Total, 2006	At least		901,000
Sunway Pyramid Expansion	Bandar Sunway	2007	700,000
AEON Bukit Tinggi	Bandar Bukit Tinggi 2, Klang	2007	750,000
Harbour Place	Persiaran Raja Muda Musa, Klang	2007	280,000
Serdang Plaza Shopping Centre	Sri Kembangan	2007	300,000
USJ 19 (formerly Rhythm Avenue)	USJ 19	2007	~ 200,000
Total, 2007	At least		2,230,000
Tropicana Mall	Petaling Jaya	2008	399,000
Total, 2008	At least		399,000
Subang Avenue Promenade	Subang Jaya	2009	200,000
Total, 2009	At least		200,000
Grand Total	At least		3,730,000

Source: The Star, New Straits Times, The Edge, Company Annual Reports, MIRP Consult

Proposed:

Shopping Centre	Location	Estimated NLA (sq ft)
I-City	Shah Alam	840,000
Botanic Capital Retail	Bandar Botanic, Klang	1,000,000
Total	At least	1,840,000

Source: The Star, New Straits Times, The Edge, MIRP Consult

There are at least 3.7 million sq ft of shopping centres which are under construction in Selangor as at June 2006, as shown in the table above. Four of these are in the Subang Jaya / USJ / Sunway townships and three are in the western district of Klang. These include the expansion of existing shopping centres like Sunway Pyramid.

There are also at least 1.8 million sq ft of shopping centres at the proposal stage in Selangor. Although this list is by no means comprehensive, it is to be noted that some proposed schemes may not eventuate.

Table 20: Future Supply of Shopping Centres in Kuala Lumpur, as at June 2006

Under Construction, as at June 2006:

Shopping Centre	Location	Expected Year of Completion	Estimated NLA (sq ft)
Carrefour Kepong	Kepong Entrepreneur's Park	2006	64,584
Bangsar Village - Phase 2	Bangsar	2006	230,000
Total, 2006			294,584
NAS Pavilion	Jln Imbi	2007	124,000
Mid Valley Expansion - The Gardens	Lingkar Syed Putra	2007	800,000
KL Pavilion	Jln Bukit Bintang	2007	1,376,000
Total, 2007			2,300,000
Capital Square	Jalan Munshi Abdullah	2008	103,312
Berjaya Central Park	Jln Ampang/ Jln Sultan Ismail	2008	135,152
Total, 2008			238,464
Grand Total			2,833,048

Proposed:

Shopping Centre	Location	Estimated NLA (sq ft)
Bangsar Shopping Centre Extension	Bangsar	92,000
Suria KLCC – Extension	KLCC	140,000
Redevelopment of Pekeliling Flats	Off Jalan Tun Razak	421,000
Solaris Dutamas	Jalan Kiara, Mont Kiara	500,000
River City	Jalan Ipoh	700,000
KL Sentral	Jalan Tun Sambanthan	800,000
Unnamed project	Jalan Bkt Bintang	800,000
Total		3,453,000

Source: The Star, New Straits Times, The Edge, corporate websites, MIRP Consult

Meanwhile, there are another 2.8 million sq ft of shopping centres which are under construction in Kuala Lumpur, including the Mid Valley Gardens, which is located next to the existing Mid Valley Megamall.

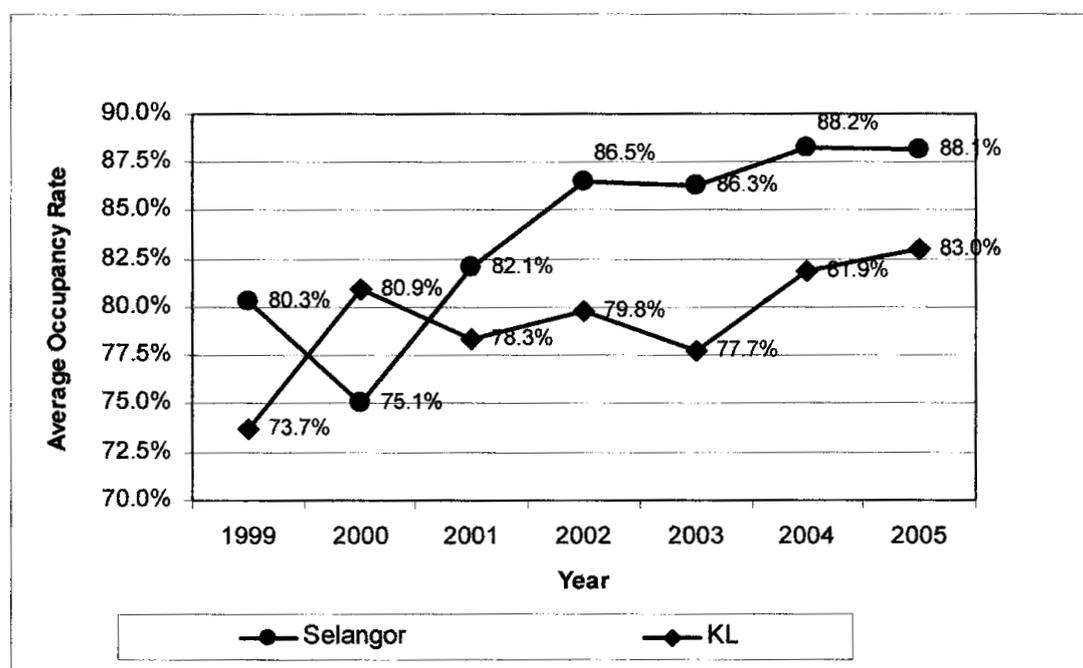
In addition, there are at least 3.5 million sq ft of shopping centres being proposed in Kuala Lumpur.

3.4 Average Occupancy Rates

The average occupancy rate of shopping complexes in Selangor has been increasing over the last six years. According to the Property Market Report, it rose from 80% in 1999 to 88% in 2005.

The trend is similar in Kuala Lumpur, with the average occupancy rate rising from 74% in 1999 to 83% in 2005.

Chart 2: Average Occupancy Rate of Shopping Complexes in Selangor and Kuala Lumpur, 1999 - 2005



Note: Selangor here includes Putrajaya

Source: Property Market Report, Valuation and Property Services Dept, Ministry of Finance Malaysia

The growth in occupancy rates reflects an improvement in the domestic economy over this period, higher demand for retail space amongst retailers, and growth in retail spending amongst consumers. It is observed that the larger regional shopping centres like Suria KLCC and Mid Valley in Kuala Lumpur are enjoying full occupancies, whilst One Utama in Selangor is experiencing close to full occupancy.

Many of the well-located and better-managed suburban regional malls also have almost full occupancies.

On the other end of the scale, there are several shopping centres which have been very poorly occupied since the late 1990s, due to poor centre layout, lack of control over tenant mix, inexperienced centre management and problems with accessibility.

Based on the Property Market Report, the amount of unoccupied space, stemming mainly from these weak centres, translates to 2.1 million sq ft of net lettable area in Selangor and 3.5 million sq ft in Kuala Lumpur.

Excluding this unoccupied space, the *effective* retail floor space provision in the Klang Valley would be lower.

3.5 Visitor Traffic

Table 21: Visitor Traffic to Selected Shopping Centres in the Klang Valley

	Location	Reported Annual Visitor Traffic	Annual Visitors per sq ft of NLA
Kuala Lumpur:			
Suria KLCC	KL City Centre	2003: 42 million	2003: 42
Mid Valley	Lingkaran Syed Putra	2003: 23 million 2004: 26 million 2005: 28 million	2003: 13.8 2004: 15.6 2005: 16.8
Sungei Wang	KL City Centre	2004 & 2005: 24 million	2004 & 2005: 30.3
Selangor / Putrajaya:			
The Curve	Mutiara Damansara, Petaling Jaya	2005: 6 million	2005: 8.9
Sunway Pyramid	Bandar Sunway	2004 & 2005: 24 million	2004 & 2005: 26.7
Subang Parade	Subang Jaya	2005: 5.7 million	2005: 12.1

Source: The Star, New Straits Times, The Edge, Subang Parade

The table above shows visitor traffic to selected shopping centres, based on news articles.

The larger regional centres in Kuala Lumpur draw a large number of visitors, ranging from 24 million a year at Sungei Wang in 2005, to 28 million at Mid Valley Megamall in 2005 and 42 million in Suria KLCC in 2003.

Some of the larger suburban regional centres also draw high shopper traffic, with Sunway Pyramid reporting a total of 24 million visitors a year in 2005.

Smaller regional centres like The Curve recorded a total of 6 million visitors in 2005.

Subang Parade attracted 5.7 million visitors in 2005 or 12.1 visitors per sq ft of net lettable area.

3.6 Rental Ranges

The monthly rental ranges of the main shopping centres in Kuala Lumpur and Selangor are reflected in Table 22.

The rental performance of shopping centres in the Klang Valley over the last five years has been mixed. Centres which were well-managed, with appealing tenant mix, in prime locations and enjoying good accessibility, experienced substantial increases in rents during this period. However, some older centres affected by competition and which did not keep up with changing consumer trends saw decline in rentals.

Some of the current well performing centres had opened during the economic downturn of 1997-1999. They had to charge lower rents at that time in their initial phase to attract tenants. When they became successful, they subsequently revised rates upward as demand from retailers to locate in their centres increased.

Suria KLCC, which opened in 1998 in Kuala Lumpur, had average rental increases per floor, ranging from 3%-10% in 2000, and 4%-12% in 2001. In 1999, monthly rentals for shop lots ranging from 430 sq ft to 1,210 sq ft on the lower ground floor were from RM14-29 psf, ground floor units were from RM12-24 psf, 1st to 3rd floor units were from RM10-22 psf and RM4-10 psf for units on the uppermost or 4th floor.

By 2005, rents had increased to RM17-35 psf for similar-sized lower ground units; RM14-30 psf for ground floor units; RM10-25 psf for 1st to 3rd floor units and RM6-12 psf for 4th floor units.

Mid Valley Megamall in Kuala Lumpur, which opened in 1999 with relatively low rents, revised its rates sharply by an average of 29%-38% per floor during the first round of lease renewals in 2002. In 2004, an average 14% rent increase for some of its lower ground units, was recorded in the Property Market Report. Currently, rents range from RM16-37 psf for lower ground units of 118 sq ft to 1,033 sq ft; RM14-39 psf for ground floor units of 344 sq ft to 980 sq ft; RM7-27 psf for 1st floor units of 205 sq ft to 990 sq ft and RM6-15 psf for 2nd and 3rd floor units.

These two shopping centres, as well as Sungei Wang Plaza, generally set the upper limit for centre rentals in Kuala Lumpur.

In Selangor, rentals at well-located centres like One Utama, Sunway Pyramid, Subang Parade, IOI Mall and Bangsar Shopping Centre, also rose significantly between 2000 and 2005.

At **One Utama**, average rental increases per floor of up to 60% were recorded in the Property Market Report in 2003 and 2004, coinciding with the opening of its New Wing in Dec 2003. The centre currently commands RM8-24 psf for lower ground units, RM6-20 psf for ground floor units and RM5-15 psf for 1st floor units.

At **Subang Parade**, average rental increases per floor of 30%-40% were reported in 2000, 11%-60% in 2001. We understand that rentals were also raised in 2004 and 2005. As at 2005, its rental rates were RM8-15 psf for lower ground units, RM5-19 psf for ground floor units and RM6-12 psf for 1st floor units.

We expect rents of the better-performing centres in the Klang Valley to continue posting increases in the long term.

Broadly speaking, Table 22 also shows the upper ranges of rentals that are commanded by some shopping centres in Kuala Lumpur and Selangor. This indicates that there remains upside prospects in terms of rentals for Subang Parade in the future.

APPENDIX VI - INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Independent Retail Property Market Overview for HEKTAR REIT – Oct 2006

Table 22: Rental Ranges of Selected Shopping Centres in the Klang Valley, 1999 & 2005

Location and Building	Floor Level	Floor Area (sq ft)	1999		Floor Level	Floor Area (sq ft)	2005	
			Rental Range Per Month (RM/sq ft)	Floor Level			Rental Range Per Month (RM/sq ft)	Floor Level
KUALA LUMPUR Kuala Lumpur City Centre (Suria KLCC)	Lower Ground	431	13.81	29.17	LG	431	17.00	35.02
	Ground	431	11.80	23.76	Ground	431	13.94	30.01
	1	431	12.80	21.83	1	431	14.96	24.15
	2	431	11.80	19.51	2	431	10.96	23.97
	3	431	9.80	15.93	3	431	10.03	18.02
	4	431	4.23	9.34	4	431	6.04	11.98
Mid Valley					LG	118	16.54	36.51
					Ground	344	14.49	38.46
					1	205	7.15	26.94
				2	398	6.04	18.49	
				3	280	6.97	14.96	
SELANGOR Petaling Jaya Jaya Shopping Centre (Podium) Section 14	Ground	1,227	9.00	19.00	Ground	183	11.60	18.50
	1	915	5.00	11.30	1	872	10.20	12.00
	2	1,292	3.50	9.00	1	409	5.50	9.00
	3	893	5.00	7.00	2	1,195	5.00	5.00
					3	269	5.20	10.10
						700	5.00	5.90
					Ground	118	7.68	13.79
					1	258	6.00	8.50
					2	161	5.80	7.27
Atria Shopping Centre	Ground	301	10.03	14.03	Ground	377	8.00	24.00
	1	205	7.99	11.98	1	495	6.00	20.00
	2	248	6.04	9.01	2	248	4.80	15.00
	3	355	5.02	6.50				
Bandar Utama One Utama Shopping Centre	Ground	301	13.01	14.96	Ground	377	8.00	24.00
	1	205	10.96	13.01	1	495	6.00	20.00
	2	205	7.99	10.96	2	248	4.80	15.00

APPENDIX VI - INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Independent Retail Property Market Overview for HEKTAR REIT – Oct 2006

Location and Building	Floor Level	Floor Area (sq ft)	1999		2005	
			Rental Range Per Month (RM/sq ft)	Floor Level	Rental Range Per Month (RM/sq ft)	Floor Level
Subang Jaya Subang Parade	Lower Ground	355 - 39,999	2.51 - 14.00	LG	248 - 603	8.90 - 11.04
	Ground	398 - 39,999	2.51 - 10.00		1,076 - 3,606	7.70 - 14.40
	1	215 - 44,994	2.51 - 7.00	Ground	409 - 1,001	9.70 - 18.60
Sunway Pyramid	1			1	2,121 - 4,144	5.30 - 9.20
	Lower Level - 1	NA	7.99 - 18.02	LG - Level 1	549 - 2,949	6.20 - 11.70
	Lower Level - 2	NA	14.03 - 22.02	LG - Level 2		
	Ground	NA	11.98 - 24.99	Ground		
The Summit Subang USJ	1	NA	10.03 - 19.97	1	129 - 1,216	10.03 - 19.97
	Lower Ground	NA	6.97 - 7.99	LG	388 - 775	6.00 - 7.99
	Ground	NA	6.97 - 7.99	Ground	388 - 1,249	6.00 - 8.08
	1	NA	4.92 - 5.95	1	388 - 2,820	4.00 - 6.00
	2	NA	2.97 - 4.46	2	388 - 2,820	3.50 - 4.00
Puchong IOI Group Mall	3	NA	3.99 - 4.92	3	388 - 2,820	3.50 - 4.00
	4	NA	3.99 - 4.92	4	388 - 2,820	3.50 - 4.00
	Ground	753	7.00 - 9.00	Ground	118 - 872	9.60 - 17.60
	1	753	4.00 - 6.00		1,076 - 2,820	2.80 - 8.60
Shah Alam Kompleks PKNS, Shah Alam	2	753	3.00 - 6.00	1	269 - 1,066	6.60 - 12.60
	Ground			2	1,819 - 4,015	2.30 - 7.40
	1				474 - 786	5.50 - 7.80
Shah Alam Kompleks PKNS, Shah Alam	1	3,272	2.23	Ground	43	8.33
	1	2,982	1.77	1	129 and above	2.20 - 3.20
					140 - 646	1.80

Source: Property Market Report, Valuation and Property Services Department, Ministry of Finance

3.7 Capital Value Transactions

Table 23: Retail Property Transactions in Selangor and Kuala Lumpur

Shopping Centre	Location	Date Announced/ Transacted	Price (RM Mil)	Total Net Lettable Area (sq ft) **	Price (RM psf)	Tenure	Buyer
Starhill	Jalan Bukit Bintang, KL	2005	480.00	295,006	1,627.00	Freehold	Disposal of property by YTL Land Bhd to Starhill REIT
Lot 10	Jalan Sultan Ismail, KL	2005	341.00	174,116	1,958.00	Leasehold	Disposal of property by YTL Land Bhd to Starhill REIT
*Sogo	Jalan Tuanku Abdul Rahman, KL	17 Mar 05	250.00	624,307	400.44	Leasehold	n.a.
Selayang Mall	Selayang, Selangor	23 Dec 05	120.00	364,638	329.09	Leasehold	Amanah Raya Bhd
The Mall Shopping Centre & Putra Place Office Building	Jalan Putra, KL	30 Dec 05	438.33	Retail: 505,806 Office: 317,549	532.37	Freehold	Employees Provident Fund
*Atria	Petaling Jaya, Selangor	2005	93.00	202,807	463.00	Freehold	n.a.
Suria KLCC	KLCC, KL	2004	1,500.00	1,007,876	1,488.28	Freehold	Valuation of the centre as part of public listing of holding company – KLCC Property Holdings Bhd.
Mid Valley Megamall (99.54% interest in holding company)	Jalan Syed Putra, Kuala Lumpur	16 Oct 2003	1,025	1,670,000		Freehold	Involved IGB Corp Bhd's sale of 99.54% of Mid Valley City Sdn Bhd (MVC), which owns and operates Mid Valley Megamall, to listed company Kris Components Bhd, for RM1.025 mil, payable in cash and new Kris shares. At the same time, IGB purchased a 41.8% stake in Kris for RM91.2 mil cash from Amtek Engineering Ltd, and undertook a mandatory general offer for remaining Kris shares. Kris also divested its previous businesses back to Amtek for RM85.18 mil cash.
Subang Parade	Subang Jaya	24 Oct 2002	223.41	485,791	459.90	Freehold	Hektar Premier Sdn Bhd

* Sourced from Valuation Report dated 16 Dec 2005 by Messrs Colliers, Jordan Lee & Jaafar Sdn Bhd
Other sources: Starhill REIT Prospectus dated Nov 22, 2005; Seal Incorp Bhd: Circular to Shareholders dated 3 April 2006; Metroplex Bhd: Circular to Shareholders dated 7 June 2005; KLCC Property Holdings Bhd: IPO Prospectus dated Jul 21, 2004; IGB Corp Bhd: Circular to Shareholders dated 17 May 2004; Chocolate Products: KLSE announcement dated 24 Oct 2002; The Star; MIRP Consult Sdn Bhd

**Net lettable areas reported are as at date of transaction.

There were several shopping centre property transactions in the Klang Valley in the past five years.

Starhill and Lot 10 were transferred into a REIT in 2005, and were valued at RM1,627 per sq ft and RM1,958 per sq ft of net lettable area respectively.

Selayang Mall was sold by its owner, Seal Incorporated Bhd, to Amanah Raya Bhd in Dec 2005 for RM120 million cash or RM329 per sq ft. The transaction is nearly finalised. It involves a sale and leaseback, whereby Seal Inc will lease the mall back from Amanah Raya for 10 years with a guaranteed net annual lease rental amounting to RM90 million in total. Based on the net annual lease rental, yields work out to 6.8% in the first three years; 7.5% in the 4th to 6th years; 8% in the 7th to 9th years and 8.1% in the 10th year.

The Mall Shopping Centre, together with its office building Putra Place, was proposed to be sold by its owner Metroplex Bhd, to the Employees Provident Fund in Dec 2005 for RM438.3 million or RM532 per sq ft. The transaction, however, encountered some hiccups, with the High Court ordering a halt to the sale in May 2006. Proceedings are still pending. For the financial year ending January 2006 (FY1/06), the shopping centre and office building reported a gross rental income of RM22.3m and RM7.1 million respectively, whilst car park income was RM3.5 million. At the same time, income from advertising and promotions (A&P), amounted to RM3.5 million in FY1/05. Based on this, the property *gross yield* is 8.3%.

In 2004, the holding company of **Suria KLCC** was listed on the Kuala Lumpur stock exchange. The shopping centre was valued at RM1.5 billion as part of the listing exercise. This works out to a capital value of RM1,488 per sq ft of net lettable area.

Earlier, in 2003, the owner of **Mid Valley Megamall** – IGB Corp Bhd, proposed to inject the centre into another listed vehicle – Kris Components, ending with a reverse takeover of Kris Components. The sale involved 99.5% of Mid Valley City Sdn Bhd, the immediate holding company of Mid Valley Megamall, for RM1.025 billion. The shopping centre was revalued to RM1.48 billion, or RM886 per sq ft, in its books.

In 2002, **Subang Parade** was sold by Chocolate Products Bhd to Hektar Premier for RM223 million or approximately RM460 per sq ft.

3.8 Shopping Behaviour and Cultural Influences

“Shopping Centres” in the Klang Valley have evolved to be more than just mere places to shop. They have inspired lifestyle awareness in tandem with growing urban affluence and consumers’ discernment. The café culture, eating out, entertainment, social & communal activity, leisure & recreational pursuits have become part of today’s shopping experience. This evolution was aided by the construction of large, regional malls with ‘all-in-one’ themes. In Malaysia, perhaps more so than in other countries, it is particularly apt as the humid climate deters many from pursuing outdoor activities that expose them to the sun. The enclosed shopping centre, with its central air-conditioning, therefore provides respite from the climate and becomes a pleasant environment for shopping and social and communal activities.

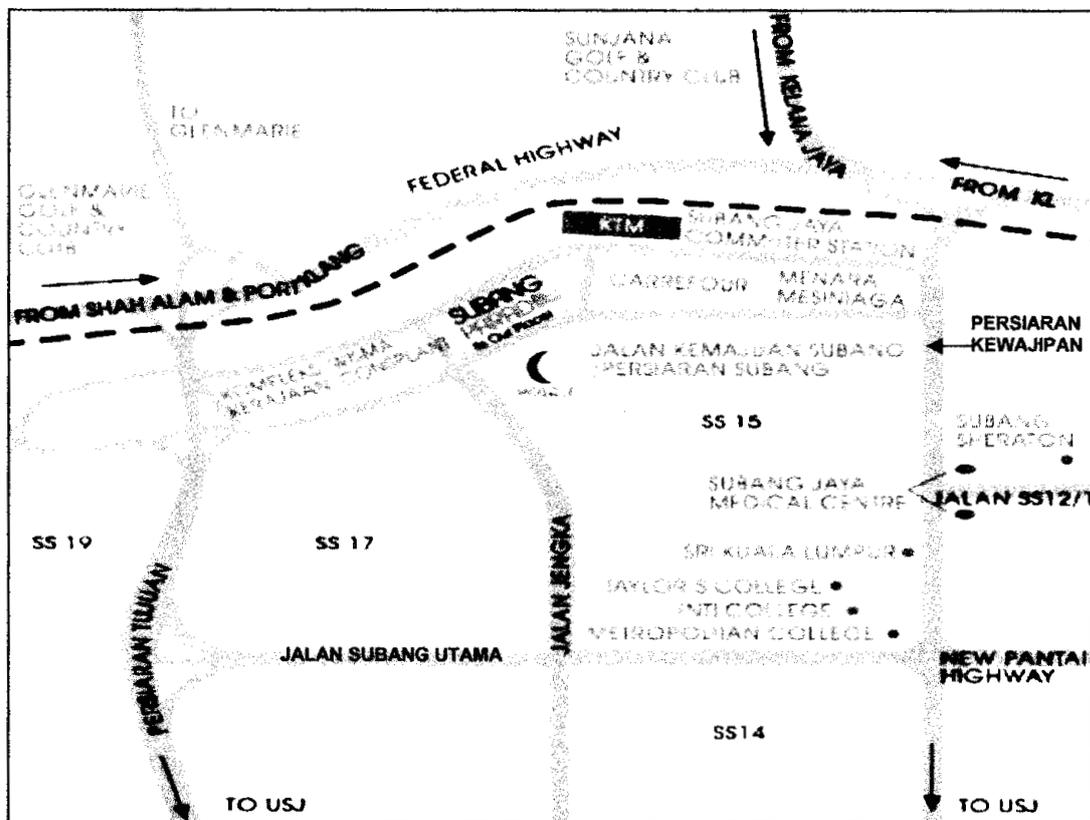
Most centres are open from 10 am to 10 pm with some extending trading hours occasionally during festive seasons and sales.

The country’s richness in cuisine, from the blending of its multi racial diversity, has popularised eating out as part of local culture. Hence, food and beverage is a major and important component of a shopping centre’s tenant mix.

SECTION 4: REVIEW OF SUBANG PARADE

4.1 Evaluation of Subang Parade's Location and Size of the Available Market

Map 3: Subang Parade and its Locality



Source: Hektar Group website

4.1.1 General Description of the Property

Subang Parade is an established, suburban shopping centre located in the vibrant and matured township of Subang Jaya, west of Kuala Lumpur city. It has a net lettable area of 472,077¹ sq ft over three levels of retail, from the lower ground to its first floor. The centre also has one basement level and four levels of decked parking. Its provision for car parking, numbers 1,390 car park bays, which also includes outdoor surface parking.

The centre is anchored by Parkson Grand Department Store, Cold Storage Supermarket, HSL Electrical & Electronics, MPH Bookstores, Toys 'R' Us and Celebrity Fitness. It also has over 160 specialty stores ranging from food & beverage, fashion, children's specialties to homewares and gifts.

Subang Parade was one of the earlier modern, enclosed shopping centres to have been built in Selangor in 1988. Over the years, the centre has faced and withstood stiff competition from newer and larger regional malls, having evolved into a niche positioning centering on lifestyle, convenience, comfort and value.

Subang Parade's customer profile consists mainly of families and young adults aged between 20 and 50 years. It benefits from the dense residential population and above average incomes of its primary trade area. The centre attracts many young families from the middle to upper income segments.

The façade of Subang Parade, with its two main entrances and a number of alfresco restaurants and cafes, fronts onto Jalan Kemajuan Subang, which is the main road linking together the two major roads that run through the township of Subang Jaya.

4.1.2 Accessibility by Road, Public Transport and Pedestrians

Overall, Subang Parade is easily accessible to residents of Subang Jaya as well as those coming from Klang, Shah Alam, Petaling Jaya and Kuala Lumpur.

The centre is located north-east from the intersection of Persiaran Tujuan and Jalan Kemajuan Subang, and is visible from the Federal Highway. Persiaran Tujuan is one of two major roads; the other being Persiaran Kewajipan, that turns off from the Federal Highway beginning at the northern boundary of Subang Jaya leading into the township. These two are the main roads that vehicular traffic utilises to enter into Subang Jaya from the Federal Highway.

The subject property is flanked by Carrefour Hypermarket, located adjacent to its eastern side and Wisma Consplant, an office building adjacent to its western side. Further west, next to Wisma Consplant is the government office building of the Petaling District Council.

As it is located off the Federal Highway, a major highway in the Klang Valley that links Kuala Lumpur, Petaling Jaya, Shah Alam and Klang, accessibility to the subject property is good for those from outside the immediate Subang Jaya township. Residents living within the township are also well connected as the two major roads are linked to all arterial roads within the township.

¹ The total net lettable area of the shopping centre, including sold shop units, is 498,949 sq ft.

Commuters travelling from south of the township especially from Puchong have access to the site via the Damansara-Puchong Highway (LDP), which connects to Persiaran Kewajipan at the southern boundary of the township.

The subject property is also easily accessible via public transportation. There is a network of buses serving the Subang Jaya township that have passenger-stops near Subang Parade. It is also within walking distance to the Commuter Train Station (KTM) which is approximately two hundred metres from the centre. There are also taxi stops at the subject property.

Pedestrians visiting the subject property will be those working at Wisma Consplant, an office building comprising four tower blocks and the Petaling District Council offices as well as shoppers who walk over from Carrefour Hypermarket. A high number of workers from the shop offices located in SS15, across the road from the subject property will also likely visit the centre during lunch hour breaks and after office hours.

Residents of SS12, SS15 and SS17 housing precincts may also walk to the centre as these are within 10 minutes walk from the subject property.

4.1.3 Impact of Future Infrastructural Projects and Commercial / Residential Developments in the Vicinity.

The recent completion and opening of the flyovers at the Persiaran Tujuan and Jalan Subang Utama junction has eased traffic flow tremendously along Persiaran Tujuan especially for commuters heading into Subang Jaya from the Federal Highway. This in turn has eased traffic flow within the township.

The completion and opening of the interchange at Persiaran Jengka with Jalan Subang Utama has also eased traffic flow for commuters driving along Persiaran Jengka toward Jalan Kemajuan Subang where the subject property is located. These developments have contributed to further improving accessibility to the subject property.

Another current construction is the Subang-Kelana Elevated Highway which, from enquiries, joins Persiaran Kewajipan to Jalan Subang by an elevated carriageway across the Federal Highway. This is expected to improve accessibility for commuters from Kelana Jaya and Petaling Jaya when completed.

The completion of the South Klang Valley Expressway in future will also provide an alternative route for commuters from the south, especially from Putrajaya and Cyberjaya, to travel to the subject property. This highway will be linked to the North South Expressway Central Link (ELITE) that exits at USJ.

Meanwhile, there are five upcoming serviced suites & apartment projects, which will add close to 2,000 residential units in the vicinity of the subject property. Although called serviced suites, these developments are essentially residential apartment units, majority of which are likely to be populated by local residents.

Table 24: Serviced Apartment Developments In the Vicinity of Subang Parade

Project Name	Total No. of Units	Expected Completion Year
Saujana Residency	350	Sep-2009
Tiaraville	679	Aug-2008
e-Tiara *	304	Nov-2006
Jana Towers	314	End-2008
Subang Avenue Serviced Suites	280	Jun-2009
Total	1,927	

Note: *Excluding 20 units of retail lots.
Source: MIRP Consult

Saujana Residency, Tiaraville, e-Tiara and Subang Avenue are developments in the immediate vicinity, within 5 minutes walk from the subject property.

Jana Towers which is located west of Persiaran Tujuan is less than 5 minutes drive from the subject property.

The additional residential population from these developments is expected to contribute positively to shopper traffic at Subang Parade.

4.1.4 Description of the Trade Area Served by Subang Parade

The trade area that is served by Subang Parade consists of a dense primary catchment which lies within 15 minutes drive time of the subject property. This primary catchment encompasses 70% of its customers and covers the Subang Jaya township including USJ, parts of Petaling Jaya, Puchong and Shah Alam.

An exit survey conducted by MIRP in 2003, showed that 42% of the centre's shoppers were residents within the Subang Jaya township.

Population

Table 25: Estimated & Projected Population in Subang Parade's Primary Trade Area (15 Minutes Drive Time Radius), 2000 - 2020

Year	2000	2005	2010	2015	2020
Total Population	705,395 *	798,038	890,894	981,244	1,071,277
Year		2000-05	2006-10	2011-15	2016-20
Compounded Average Annual Growth Rate		2.5%	2.2%	2.0%	1.8%

* Adjusted for under-enumeration of 6%.
Source: Census 2000, Department of Statistics Malaysia

The population within Subang Parade's primary trade area in the year 2000, has been estimated at 705,395, based on the census conducted by the Statistics Department.

Using state-level projections provided by the Statistics Department, the population here is projected to have increased at 2.5% p.a. to approximate 798,038 in 2005. By 2020, the population is anticipated to grow to around 1.1 million residents.

Meanwhile, the gender distribution in the primary trade area is estimated to be 49.2% males and 50.8% females, based on the 2000 census.

Ethnicity

Table 26: Ethnic Distribution in Subang Parade's Primary Trade Area, 2000

Ethnicity	Distribution
Malay	45.5%
Chinese	32.6%
Indian	15.3%
Others	1.0%
Other Bumiputeras	0.7%
Non Citizens	4.8%
Total	100.0%

Source: Census 2000, Department of Statistics Malaysia

Malays accounted for majority of the population in Subang Parade's primary trade area, at 46%, followed by 33% Chinese, 15% Indians and 6.5% from other ethnic groups and non-citizens.

Age

Table 27: Age Distribution in Subang Parade's Primary Trade Area, 2000

Age Group	Distribution
0-19	36.3%
20-39	40.6%
40-59	18.6%
60 & Above	4.4%
Total	100.0%

Source: Census 2000, Department of Statistics Malaysia

The age profile of the residents reflected a fairly young population; 77% of whom were below 40 years.

In total, the age profile of the population comprised 36% who were aged 19 years and below, 41% between 20 and 39 years, 19% between 40 and 59 years and 4% aged 60 years and above.

Occupation

Table 28: Occupation Breakdown in Subang Parade's Primary Trade Area, 2000

Occupation	Distribution
Legislators, senior officials and managers	14.2%
Professionals	12.4%
Technicians and associate professionals	14.8%
Clerical workers	12.8%
Service workers and shop & market sales workers	11.8%
Skilled agricultural and fishery workers	0.1%
Craft and related trades workers	4.4%
Plant and machine operators and assemblers	17.2%
Elementary Occupations	11.3%
Unknown Occupations	1.1%
Total	100.0%

Source: Census 2000, Department of Statistics Malaysia

The occupational breakdown in Subang Parade's primary trade area suggests a relatively educated population, with a substantial 41% of the catchment comprising higher ranking personnel such as legislators, senior officials, managers, professionals, technicians and associate professionals.

25% of the population held jobs as clerical workers, service and retail sales workers.

17% were plant and machine operators and assemblers whilst 11% had more elementary occupations.

4.1.5 The Workforce Market in the Area

According to census information, the workforce in Subang Parade's primary trade area amounted to a substantial 308,050 in 2000. The workforce ratio works out to approximately 46% of the population.

Some of these workers would likely shop at Subang Parade during the weekdays, given the centre's proximity to their workplace. However, the most important segment of the workforce is still likely to be those within walking distance of Subang Parade, i.e. from Wisma Consplant, Petaling District Council and the SS 15 shop offices.

4.2 Competition Review

4.2.1 Existing Competition

The most relevant competitors to Subang Parade would be Carrefour Subang Jaya, Sunway Pyramid, Summit USJ and IOI Mall in Puchong, all of which are located in its primary trade area.

Although **Carrefour** is located adjacent to Subang Parade and is a competitor, its co-location next to the subject property, has also been synergistic – their combined location has grown to become a popular community shopping precinct within the Subang Jaya township. In many ways, these centres complement each other with Carrefour being a popular hypermarket amongst residents in the township and Subang Parade, being an established suburban mall anchored by a strong department store, tenanted by a wide mix of specialty stores and with a wider range of food & beverage outlets. Carrefour has a net lettable area of approximately 204,600 sq ft.

Sunway Pyramid on the other hand is a themed shopping centre in Bandar Sunway, a township that is adjacent to Subang Jaya. This centre is currently undergoing construction to expand to 1.56 million sq. ft in net lettable area from its current 900,000 sq. ft. Its expansion is scheduled for completion around the second quarter of 2007 and will position it as a 'super-regional' mall. Sunway Pyramid has been attracting a large younger market segment due to its proximity to several private colleges and its entertainment, leisure and casual fashion components. It also draws some tourists due to its integrated development with a hotel and theme park. Overall, its market differs quite significantly from Subang Parade which attracts more families with children. Its expansion is not expected to have a major impact on Subang Parade, but will likely further draw shoppers from other parts of Petaling Jaya and Kuala Lumpur as well as tourists.

Summit USJ is another shopping centre in the Subang Jaya township but is less significant as a competitor. It is approximately 753,000 sq. ft in net lettable area. It does not have a department store or supermarket anchor and has higher vacancies of shop lot spaces on its upper floors.

The IOI Mall in Puchong is approximately 635,000 sq. ft. in net lettable area. Some of its visitors may be similar to those who visit Subang Parade and Sunway Pyramid. However, many of them are likely to come from the wider adjoining areas of Puchong, Bandar Sunway, Taman Kinrara, Old Klang Road and even Serdang. A high proportion, would most likely be from its primary trade catchment within the Puchong area.

A brief description and evaluation of the competing centres is provided in the next table.

Table 29: Review of Key Competing Centres to Subang Parade

Shopping Centre	Approximate Net Lettable Area (sq ft)	Description	Evaluation
<u>Carrefour Subang Jaya</u>	204,600	<p>This centre is anchored by Carrefour Hypermarket which occupies approximately 140,000 sq ft. It also has 60 over tenants ranging from F&B outlets, fashion, pharmaceutical, health equipment & health product retailers to retailers of textile, telecommunication products, timepieces, optical products and other services.</p> <p>This centre caters to convenience and comparative goods shopping and its products vary from the mid-range to those for the mass market.</p> <p>It has an occupancy rate of approximately 98%, based on number of shop units.</p>	<p>Carrefour Hypermarket is popular with residents of Subang Jaya as was indicated in a survey conducted amongst the townships' residents. It is located adjacent to Subang Parade and its shoppers also shop at the latter. Many of the townships' residents regard these centres as complementary to each other and see their location as a popular shopping precinct in Subang Jaya that is easily accessible.</p> <p>It targets the mass- market family segment.</p>
<u>Sunway Pyramid</u>	900,000	<p>This centre is located in Bandar Sunway, which is a township adjacent to Subang Jaya and has an Egyptian theme to its façade and design.</p> <p>It has a multi-screen Cineplex (TGV), an ice skating rink, a bowling centre and a substantial provision of food & beverage outlets and is anchored by department store Parkson Aktif and Giant supermarket. It also has a wide range of fashion retailers.</p> <p>This centre is part of an integrated mixed development, comprising a Theme Park, a hotel, a Medical centre and a college. It has an occupancy rate of approximately 99%, based on number of shop units.</p>	<p>It is currently undergoing construction to expand to 1.56 million sq. ft in net lettable area from its current 900,000 sq. ft. Targeted completion of its expansion is estimated to be in the second quarter of 2007.</p> <p>This centre is a regional mall that has strong elements of entertainment, food & beverage and fashion. It appeals particularly to the younger market segment, including young working adults. Its integrated development with a hotel and theme park also draws some tourists, both domestic and international.</p>
<u>Summit USJ</u>	753,000	<p>This is a suburban mall and is located in USJ, which is within the Subang Jaya township. It is part of an integrated development comprising an office tower and a hotel. Many of its shop lots had been individually sold and it is approximately 75% occupied in terms of percentage of occupied shop lots.</p> <p>It has a multi-screen Cineplex (GSC) and a bowling centre but lacks a strong department store anchor.</p>	<p>A high number of its upper floor shop units are vacant. Pedestrian flow is mainly on the lower ground, ground floor and first floor level and at its Cineplex's location.</p> <p>This centre attracts a fairly young market segment especially during the weekends where casual wear, streetwear, footwear and fashion accessories are laid in a bazaar / flea market like setting, at its concourse areas.</p>
<u>IOI Mall</u>	635,000	<p>This mall is located in Puchong and is anchored by Jaya Jusco supermarket and department store. It has a fairly wide range of tenants that cater to fashion, beauty and health products & services, food & beverage outlets, etc.</p> <p>It caters to the convenience and comparative goods shopping of its catchment. It has an occupancy rate of approximately 96%, based on number of shop lots.</p>	<p>This centre draws the mass-market family segment attracting shoppers from Puchong, Bandar Sunway, Taman Kinrara, Old Klang Road and Serdang.</p> <p>Its location along the Damansara Puchong Highway (LDP) makes it easily accessible to the housing precincts of the wider Puchong area.</p>

Source: MIRP Consult

4.2.2 Potential Future Competition

There are three future retail centres that may pose some competition to Subang Parade.

Subang Avenue:

Nearest to the subject property will be the Subang Avenue service suite development which is targeted to have a five level retail podium of approximately 220,000 sq ft in net lettable area. There will be four blocks of service suites built on top of the retail podium totalling 280 units. This project is scheduled for completion in mid 2009 and will be located next to Carrefour. The retail podium is potentially conceptualised as a food & beverage and gourmet centre, with some components of entertainment, fashion and convenience shopping included. Although this will pose a measure of competition to the subject property, it may also strengthen the retail potential of the whole precinct, making it even more destinational.

USJ 19 (proposed centre formerly known as Rhythm Avenue):

Another proposed retail centre is an uncompleted project located south of the Subang Jaya township in USJ 19, which recently had been acquired by new ownership that plans to complete the project. This is a three-level retail podium of approximately 200,000 sq. ft net lettable area. Built on top of the retail podium are three condominium blocks, each 33 storeys high, housing approximately 886 units. The retail component of its development will most likely serve the needs of the residents of its condominiums as well as those from the housing precincts of the southern boundary of the township. The impact of this neighbourhood centre on the subject property is expected to be minimal, as its smaller size constrains its range of products that can be carried compared to Subang Parade's, whilst its location in the southern part of the township is closer to the Puchong area.

I-City, Shah Alam:

The third, is a mixed commercial and residential development called "I-City" at Section 7 in Shah Alam covering 72 acres. This development aims to be an IT and entertainment hub, with phase one reportedly comprising a proposed 840,000 sq. ft retail mall and a 1,000 ft long pedestrian retail promenade called 'City Walk'.

Still in planning, construction has yet to start on its first phase, which may take three to four years to complete. Its proposed mall will likely be positioned as a regional centre, with domestic and international tourists as one of its target markets.

I-City may pose competition to Subang Parade especially in the initial stages. However, in the longer term, Subang Parade is expected to sustain its performance, given that it fulfils a specialised set of needs amongst its primary catchment in the form of convenience, comfort and value, which are not as easily met by larger regional malls further away.

4.2.3 Implications on Subang Parade:

Overall, the existing and potential future competition analysed is not expected to have a major long term impact on the subject property as each is positioned differently, fulfils different market needs and targets largely different primary markets.

It is observed that over the years, despite the rapid development of new shopping centres, Subang Parade has remained resilient, increasing its average occupancy rate under the Hektar Group's direction, from 94% in 2002 to 98.3% in 2005. Rentals were also improved during the last six years.

4.3 Key Strengths

Strong suburban mall: Ever since its inception in 1988, Subang Parade has been successfully serving its immediate trade area as a largely popular suburban mall, with approximately 42% of its shoppers being from the Subang Jaya township itself and a further 28% from other locations within its densely populated primary trade catchment. A survey conducted amongst households in the township revealed that 88% patronise the centre. It is community-focused and its success is from its ability to cater to its end-consumer needs that are driven by lifestyle, convenience, comfort and value. The centre targets the family market, especially young families and young working couples from the middle to upper income segments.

Strategic location and easy accessibility: Subang Parade benefits from its strategic location - being just off the Federal Highway and near to the two major entry points into the Subang Jaya township from the highway. This makes it easily accessible to shoppers who come from areas outside the township. The area that surrounds it also enjoys less traffic congestion and easier accessibility when compared to other commercial zones within the township resulting in its popularity as a community shopping precinct. Its proximity and easy access for the township's population, has over the years strengthened its position as a prime centre within the community.

The centre is also well connected via a network of buses that serve the township as well as from Kuala Lumpur. The KTM train station is also within a short walking distance from the centre.

Large trade catchment: The trade area that is served by Subang Parade consists of a densely populated primary catchment encompassing the Subang Jaya township including USJ, parts of Petaling Jaya, Puchong and Shah Alam all of which lies within 15 minutes drive time from the centre. The estimated total population within this primary catchment is approximately 798,038 in 2005.

Its secondary catchment extends up to 30 minutes drive time and comprises the Kuala Lumpur city centre, Sri Petaling, Klang, Kepong, Old Klang Road and the remaining parts of Petaling Jaya and Shah Alam. The total population of both primary and secondary catchment areas was approximately 2.2 million in 2000.

Wide-ranging tenant mix: Its trade and tenant mix is wide and appropriately targeted for its market. They range from fashion & footwear, food & beverage, homewares & furnishing, electronics & IT to leisure & entertainment, sports & fitness and a host of other specialty stores including gifts, books, toys and others.

Its main anchor is Parkson department store. Its mini anchors like HSL Electrical & Electronics and Toys "R" Us are leading brands in Malaysia. All these are complemented by a wide array of food & beverage outlets, comprising fast food, lifestyle cafes and gourmet restaurants that appeal to its market.

Customer-Centric Management: Centre management is proactive and constantly seeks to understand their shoppers, consumers' psychographics and trends.

4.4 Weaknesses

Insufficient parking lots to cater to higher capacity crowd on weekends: This result in shoppers parking their vehicles along the road fronting the centre, causing slight obstruction to traffic flow. It becomes less comfortable for drivers who stop to drop or pick their passengers at the centre.

Not all upper floor decked parking levels have direct access to entrances into the centre: Shoppers have to manoeuvre to those levels that have entrances into the centre.

Lacking a strong entertainment anchor, e.g. Cineplex: Although the centre has a family amusement arcade/ facility, a cineplex mini anchor would be advantageous in making a visit to Subang Parade more complete for young working couples and singles who may desire some entertainment after shopping. It complements the food & beverage components when shoppers have their "fill" before and after watching a movie.

Entertainment & leisure, lifestyle, food & beverage components encourage the average shopper to spend longer periods in a centre when shopping.

4.5 Opportunities

Tenant mix: Continuous improvement to its tenant mix to serve its market will differentiate it from other centres that are targeted toward the younger segment or those that cater to the masses. This can be done by further enhancing its range of food & beverage, fashion and entertainment that are family and lifestyle focused.

Events and facilities: Family focused events with an emphasis on children will continue to attract, as well as looking into improving facilities for them. Education related services for kids; care centres; kiddies "edutainment" are some suggestions.

Improving parking facilities with consideration for shoppers' safety, comfort and convenience, will also be advantageous.

Expanding residential population in its immediate vicinity: There are five upcoming serviced suites & apartment projects, which will add close to 2,000 residential units in the immediate vicinity of Subang Parade. All these will likely add between 3,000 to over 4,000 residents to the current population within its precinct. These will be potential shoppers at the centre as they live within walking distance. While some retail space may arise upon completion of these projects, the immediate area will be further enhanced and become more vibrant as a result.

Growing residential population south of the township: South of USJ Subang Jaya, is a 1,796-acre development called Putra Heights that is estimated to have a population of 15,000 residents when completed. This township comprises both commercial and residential properties and currently 50% of units planned, have been launched. When fully established the population base of this township will add to that of its primary catchment.

Potential for expansion or further development: There is a vacant 2-acre parcel of land on the subject property that may allow for further expansion of the shopping centre or development of service apartments and other commercial components to the site. Further car park spaces may be constructed if increases in vehicular traffic to the centre justify demand. Other forms of anchor tenants may also be added to an expanded centre in the future, perhaps in some big box retailers taking up larger spaces, or added entertainment features.

Improved access: The Subang-Kelana Elevated Highway which joins Persiaran Kewajipan to Jalan Subang, will improve accessibility for shoppers coming from Kelana Jaya and the SS3, SS5, SS6 & SS7 housing areas in Petaling Jaya potentially, reducing their drive time. These areas are currently within 10 minutes drive from the centre. This will likely shorten the route even for those from other parts of Petaling Jaya. This is positive, as the likelihood will be that more people from Petaling Jaya may visit the centre when the highway is completed.

4.6 Threats

Competition: The expansion of existing centres and development of new malls is expected to intensify competition generally, indicating a need for centres to keep relevant and abreast of customer needs.

Rising inflation and fuel prices may dampen retail spending: The government has assured that there will be no further increases to petrol prices for the remaining of 2006. However if petrol prices continue to escalate worldwide, next year, this will have an impact on consumer spending in tandem with rising fuel costs.

Unforeseen external threats: Events such as terrorism, war and disease in the region may have a negative impact on tourism and hence, tourist expenditure on shopping in Malaysia.

4.7 Future Prospects

Retail Market:

With larger regional centres completing their expansion by 2007; e.g. Sunway Pyramid and Mid Valley Gardens and new centres like the KL Pavilion coming on stream in 2007, competition is expected to tighten in the Klang Valley.

Larger “super regional” centres have trade areas that extend beyond their primary and secondary catchments, e.g. One Utama and Mid Valley Megamall. These are one-stop centres that have “everything under one roof” conceptually and combine shopping with a range of other activities from entertainment, sports & fitness to cafes, bistros, “chill-out” fun pubs, and gourmet restaurants. Centres in Kuala Lumpur city like Suria KLCC attract international tourists and each has its strengths.

The resulting competition will require centres to be in touch with their target markets and to know their needs. Centres that are entrenched successfully in their respective markets and that have been responsive to their customers’ feedback and expectations have lesser to contend with as the market segments they serve remain loyal. These successful centres that practice continuous improvement on their tenant & trade mix with relevance to their markets, with good centre layout & planning, advertising & promotions together with strong centre management will continue to be significant in the industry.

Subang Parade:

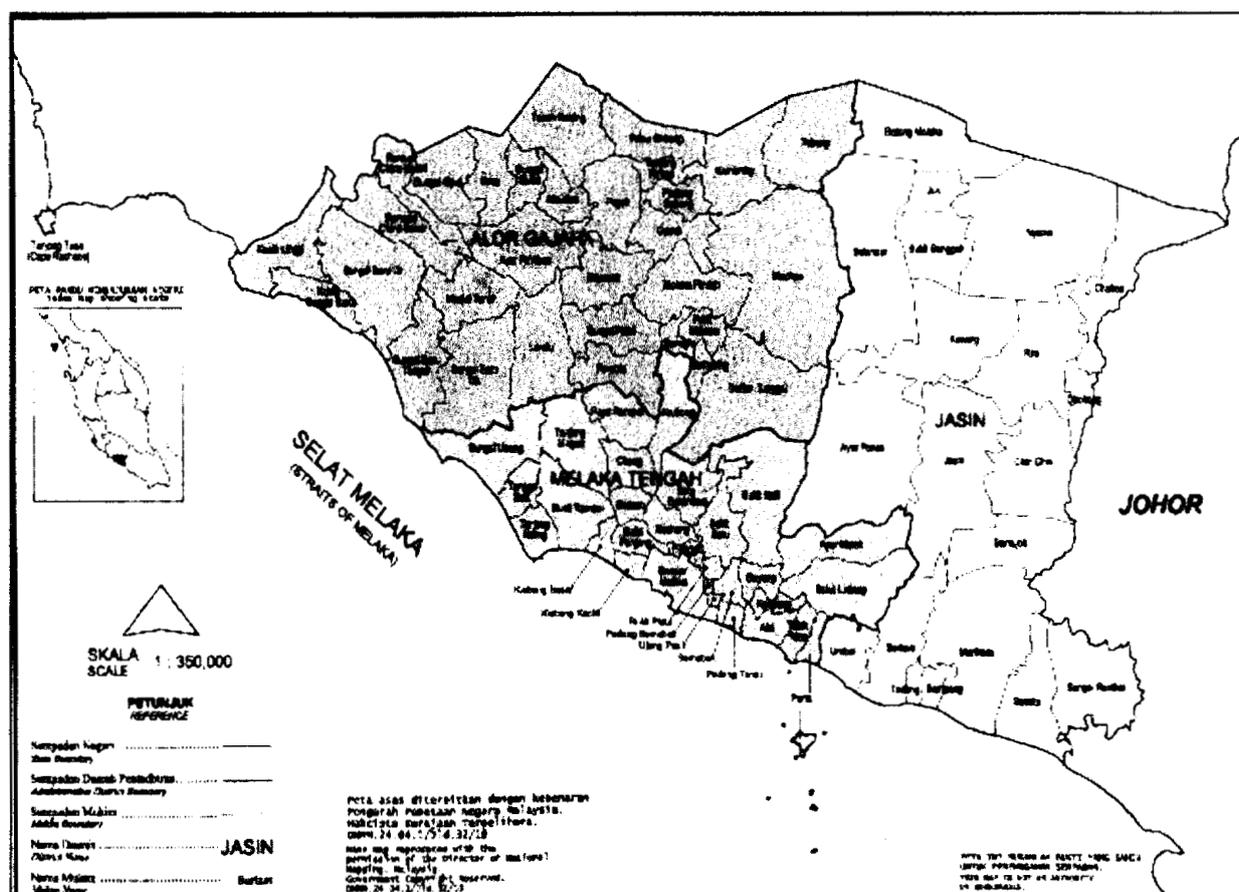
Subang Parade has enjoyed serving a captive market over the years, especially amongst the family segment, young working couples and working singles from its primary trade area. It has been very focused on serving the needs of its target market, as a community centre that caters to the convenience of its customers who appreciate value and comfort when shopping. It has a wide range of lifestyle and fashion offer that are amongst the latest, with regards to leading national and international brands that serve the more trendy amongst its shoppers.

Amidst competition, prospects for the subject property remain positive. It will continue to be significant to its relevant trade areas, moving forward strategically with market behaviour and trends.

SECTION 5: OUTLOOK OF MALACCA'S ECONOMY

5.1 General Description of Malacca

Map 4: Map of Malacca Showing Administrative Districts and Mukim Boundaries



Source: Population Distribution by Local Authority Areas & Mukims, Census 2000, Department of Statistics Malaysia

The state of Malacca occupies a land area of 1,652 sq km and is located to the south of Selangor. It is made up of three districts: Malacca Tengah (Central Malacca), Alor Gajah and Jasin. The capital and centre of activity in the state is Malacca Town (also known as 'Bandar Malacca'), which is located within Central Malacca district.

Malacca has over 600 years of history and was an important trading city, given its strategic location along the Straits of Malacca. It was at various times in the past, ruled by the Malacca Sultanate, the Portuguese, Dutch, British and Japanese, before gaining independence in 1957. This has left behind a rich legacy in the form of historical forts, quaint heritage buildings, antiques, diverse cuisines; and a population that is a mix of Malays, Chinese, Indians, Portuguese descendants and Eurasians.

5.2 The Economy of Malacca

Table 30: Distribution of GDP by Sector in Malacca (in constant 1987 prices)

Distribution of GDP	2000	2001	2002	2003	2004	2005
Agriculture	4.2%	4.2%	4.1%	4.0%	3.9%	4.0%
Mining	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Primary Sector	4.3%	4.3%	4.2%	4.1%	4.0%	4.1%
Manufacturing	32.3%	29.3%	29.8%	28.3%	28.3%	28.0%
Construction	2.9%	2.9%	2.9%	3.0%	2.8%	2.6%
Secondary Sector	35.2%	32.2%	32.7%	31.3%	31.1%	30.6%
Services	60.5%	63.5%	63.1%	64.5%	64.9%	65.3%
Tertiary Sector	60.5%	63.5%	63.1%	64.5%	64.9%	65.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
GDP, Malacca (RM mil), const. prices	6,156	6,179	6,461	6,884	7,395	7,861
GDP, Malaysia (RM mil), const. prices	210,600	211,200	220,400	232,400	249,000	262,000
GDP Growth, Malacca	n.a.	0.4%	4.6%	6.5%	7.4%	6.3%
GDP Growth, Malaysia	8.9%	0.3%	4.4%	5.4%	7.1%	5.3%
GDP per capita, Malacca (current prices) (RM)	16,669	15,144	15,529	16,535	17,429	18,192

Source: Malacca Basic Data 2002 & 2005, State Economic Planning Unit

Malacca is a relatively small state, accounting for approximately 3% of the country's GDP in 2005. Its economic growth rate, however, has been above that of the national average, increasing at an average annual rate of 5% between 2001 and 2005, compared to 4.5% for Malaysia.

The combined Services Sector is the largest contributor to the state's economy, constituting 65% of GDP in 2005. This sector comprises wholesale and retail trades, hotels and restaurant services; finance, insurance, real estate and trading services as well as government services. International and domestic tourism is also a major driver of this sector. Overall, the Services Sector has shown the strongest growth amongst all the sectors, increasing its share of contribution to GDP, from 60.5% in 2000 to 65% in 2005.

The Manufacturing Sector is the second largest contributor to the state's GDP, at 28% in 2005. Some of the main industrial estates in Malacca Tengah district include Batu Berendam Free Trade Zone, Ayer Keroh Industrial Estate and Cheng Industrial Estate. Malacca is amongst one of the four major choice locations in Malaysia for both domestic and foreign investments, due to the availability of adequate and good infrastructure, proximity to air and sea hubs, financial centres and supporting services. The other preferred locations are Selangor, Johor and Pulau Pinang.

Malacca's GDP, based on constant 1987 prices, is expected to grow at an average rate of 6% p.a. during the 9th Malaysia Plan period of 2006-2010, compared with its previous average annual growth rate of 5% during the 8th Malaysia Plan (2001-2005).

This is in line with the country's projected average annual growth rate of 6% under the 9th Malaysia Plan.

The state government, meanwhile, has been focusing on attracting knowledge-based and biotechnology industries into the state. Under the 9th Malaysia Plan, Malacca has been identified as one of the states to be potentially developed into a new MSC (Multimedia Super Corridor) cybercentre. Companies locating at these cybercentres are entitled to various investment benefits.

In terms of tourism, the Malaccan government has continued with its programme of beautifying and preserving old buildings and monuments in the state, as well as development of new tourist attractions such as beautification of the Malacca River. Under the 9th Malaysia Plan, Malacca's airport at Batu Berendam will also be modernised and upgraded to attract more foreign tourists.

5.3 Population, Employment and Income

Population

The total population of Malacca, based on the 2000 Census, was 635,791. This is projected by the Department of Statistics to have grown at an average annual growth rate of 2.3% p.a. to reach approximately 713,000 in 2005. By 2010, the state is projected to have a population of approximately 948,700.

Table 31: Estimated and Projected Population of Malacca, 2000 - 2020

	2000	2005	2010	2015	2020
Population ('000)	635.8	713.0	786.2	865.9	948.7
Compounded Average Annual Growth		2.3%	2.0%	1.9%	1.8%

Source: Department of Statistics Malaysia

The gender distribution in the state is well-balanced, comprising 50.2% males and 49.8% females.

Table 32: Estimated Ethnic Distribution, Malacca, 2005

Ethnic Group	Percentage
Malays	60.9%
Chinese	26.8%
Indians	6.1%
Other Bumiputera	1.2%
Others	0.7%
Non-Malaysian Citizens	4.3%
Total	100.0%

Source: Department of Statistics Malaysia

The major ethnic group in Malacca is the Malays, who form 61% of the state's population; followed by the Chinese at 27% and Indians at 6%.

Table 33: Estimated Age Distribution, Malacca, 2005

Age Group	Percentage
0-19 years	42.3%
20-39 years	29.9%
40-59 years	19.6%
60 years & above	8.2%
Total	100.0%

Source: Department of Statistics Malaysia

The state of Malacca has a young population, with 42% aged below 20 years.

Those aged between 20 and 39 years make up 30% of the population whilst adults from 40-59 years comprise 20% of the population. Those aged 60 years and above, account for an estimated 8% of the population.

Employment

Table 34: Distribution of Employment by Sector in Malacca, 2005

Sectors	2005 (Q4) % Share
Agriculture, Hunting and Forestry	9.0%
Fishing	0.4%
Mining and Quarrying	0.2%
Primary Sector	9.6%
Manufacturing	27.1%
Construction	5.2%
Secondary Sector	32.3%
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	14.8%
Hotel and Restaurants	6.2%
Financial Services, Real Estate & Business Activities	8.6%
Transport, Storage and Communication	4.7%
Electricity, Gas and Water	0.6%
Education, Public & Social Services	20.0%
Private Household With Employed Persons	3.1%
Extra-Territorial Organisations and Bodies	0.0%
Tertiary Sector	58.0%
Total	100.0%
Workforce	268,500
Unemployment Rate	2.1%

Source: Malacca Basic Data 2005 - Labour Force Survey, Department of Statistics Malaysia

The manufacturing sub-sector is the single largest contributor to employment in Malacca, absorbing an estimated 27% of the workforce in 2005.

The combined hotels & restaurants; financial and real estate; transport, storage and communication services, contributed approximately 19.5% to employment in the state.

The wholesale, retail and repair services sub-sector, meanwhile, engaged an estimated 15% of the workforce in the state.

The education, public and social services sub-sector, constituted approximately 20% of employment.

The Primary Sector, comprising agriculture, hunting, forestry, fisheries, mining and quarrying, employed 10% of the workforce in 2005.

Malacca had an unemployment rate of only 2.1% in 2005, and is technically at full employment.

Income

The average household income in Malacca was estimated by the Economic Planning Unit of Malaysia to approximate RM2,792 per month in 2004. Between 1995 and 2004, the state's average household income grew at a compounded average annual rate of 8.7%, from RM1,843 in 1995.

Seen from the table below, there was a dip in household income between 1997 and 1999, due to the Asian financial crisis and regional economic downturn.

Table 35: Estimated Average Monthly Household Income in Malacca, 1995-2004 (RM)

Year	1995	1997	1999	2004
Average Household Income (RM)	1,843	2,276	2,260	2,792
Year	1995 - 1997	1997 - 1999	1999 - 2004	1995 - 2004
Compounded Average Annual Growth	11.1%	-0.4%	4.3%	8.7%

Source: 8th Malaysia Plan, 9th Malaysia Plan – Economic Planning Unit, Prime Minister's Department

5.4 Tourism

Malacca, with its rich historical and cultural heritage, is a major tourist destination in Malaysia. Tourist arrivals to the state have increased rapidly at a compounded average annual rate of 17% between 2000 and 2005, driven strongly by domestic tourism. According to the State Economic Planning Unit, the total number of tourists approximated 4.7 million in 2005, of which domestic visitors made up 79%.

Table 36: Estimated Tourist Arrivals, Malacca, 2000 - 2005

	2000	2001	2002	2003	2004	2005
Domestic Tourists	1,129,467	1,528,971	1,842,336	2,860,336	2,987,310	3,719,292
% of Total Tourists	52.0%	59.5%	61.9%	79.4%	74.6%	79.2%
International Tourists	1,040,520	1,039,627	1,133,851	742,612	1,017,728	976,470
% of Total Tourists	48.0%	40.5%	38.1%	20.6%	25.4%	20.8%
Total Arrivals	2,169,987	2,568,598	2,976,187	3,602,948	4,005,038	4,695,762
% Growth	26.7%	18.4%	15.9%	21.1%	11.2%	17.2%

Source: Tourism Promotion Unit, Malacca Chief Minister's Department; Malacca Basic Data, State Economic Planning Unit

Between 2000 and 2005, the number of domestic tourists is estimated to have more than doubled from 1.1 million in 2000 to 3.7 million in 2005. During the same period, the number of international guests slipped 6% from 1 million in 2000 to 976,000 in 2005.

International travel was negatively affected by incidents such as the Sept 11 terrorist incident in 2001, the Bali bombings in Oct 2002, as well as the SARs (Severe Acute Respiratory Syndrome) outbreak in 2003. Such incidents also curbed outbound travelling amongst Malaysians, making the alternative of local destinations more attractive for them. At the same time, domestic tourism was actively promoted by the federal government through marketing campaigns such as 'Cuti-Cuti Malaysia' ('Holiday in Malaysia'). The rising number of corporate retreats, family recreation and youth camps held at various tourist destinations around the country also contributed to the rise of domestic tourism in Malacca.

According to surveys conducted by Tourism Malaysia, the main domestic tourists to Malacca are from Kuala Lumpur, Selangor and Johor.

In terms of international tourist arrivals to Malacca, the top three markets are Singapore, China and Indonesia. Visitors from these countries are estimated to comprise 22%, 20% and 13% respectively, of the total number of international tourists to the state in 2005.

Table 37: Top 3 International Tourist Markets, 2000 - 2005 (as a % of Total International Tourist Arrivals)

Countries	2000	2001	2002	2003	2004	2005
Singapore	41.5%	41.6%	36.4%	33.2%	26.8%	22.4%
China	28.4%	25.6%	30.2%	31.0%	24.3%	19.8%
Indonesia	3.1%	6.7%	7.2%	10.7%	9.9%	12.5%

Source: Tourism Promotion Unit, Malacca Chief Minister's Department; Malacca Basic Data, State Economic Planning Unit

Majority of Singaporean tourists drive to Malacca over the weekend or during public holidays, drawn by its proximity (approximately 2.5 hours drive from Singapore), its historical charms, the lower exchange rate, shopping facilities and local cuisine. Their cars, distinguishable by their Singaporean plate numbers are easily recognised in the town.

Tourists from China, meanwhile, visit Malacca as one of their destinations, via packaged tours.

Neighbouring Indonesian tourists, have been rising gradually, as an increased number seek medical treatment from private hospitals such as Mahkota Medical Centre and Pantai Medical Centre in Malacca town. This corresponds to the federal government's efforts in marketing and promoting the country as a premier destination for quality healthcare under what is termed 'health tourism'.

Prospects for international tourism are expected to improve for Malacca. Under the 9th Malaysia Plan, funds have been allocated to upgrade Malacca's airport to handle narrow-bodied jets to boost tourism. The World Tourism Organisation also forecasts that the East Asia and Pacific Region will receive 200 million travellers by 2010, majority of whom are intra-regional tourists. Tourist arrivals to Malaysia are anticipated to grow at an average rate of 8.4% p.a. to reach an estimated 24.6 million by 2010.

Domestic tourism will also be further developed, with promotional programs focusing on nurturing a planned holiday culture among Malaysians and encouraging the local population to explore the diverse and interesting attractions in the country.

5.5 Retail Sales

Table 38: Retail and Restaurant Sales in Malacca, 2001

Locations	Estd. Retail Sales (RM' 000)	Restaurant Sales (RM' 000)	Total Sales (RM' 000)
Malacca	1,872,609	292,421	2,165,030
Malaysia	62,182,548	13,171,736	75,354,284

Note: Estimated Retail Sales is arrived at after 12.5% representing the sale of automotive fuel. This is lower than the 13.2% contribution from sale of automotive fuel to total retail sales in the country. It is also lower than our assumed 13.9% ratio used for Selangor and Kuala Lumpur. The lower ratio for Malacca is due to lower traffic congestion and smaller distances travelled in the state, compared to Selangor and Kuala Lumpur.

Retail Sales does not include the wholesale trades or the motor vehicle and related trades.

Source: Census of Distributive Trades 2002, Department of Statistics Malaysia

In 2001, the Department of Statistics (DOS) conducted a Census on the wholesale and retail trades, motor vehicle trade and related activities, and restaurants, in the country.

The DOS' definition of retail sales included the sale of automotive fuels, which represented approximately 13.2% of retail revenues generated. Excluded are sales by farmers of farm products; bakeries; tailoring shops and shops making photo frames. In terms of restaurant sales, excluded from their definition are restaurant facilities operated by hotels, offices, manufacturing plants and educational institutions.

For our purposes, we have deducted sales of automotive fuels from our definition of retail sales. As a result, total retail and restaurant sales are estimated to be RM2.2 billion in Malacca, as shown in the table above. They represent approximately 3% of the country's total retail and restaurant sales of RM75.3 billion in 2001.

Table 39: Estimated Retail and Restaurant Sales, Malacca, 2001-2005

Year	Growth in Private Consumption Expenditure (current prices)	Estd. Retail & Restaurant Sales, Malacca (RM' 000)
2001	3.6%	2,165,030
2002	5.9%	2,292,766
2003	8.1%	2,478,480
2004	11.8%	2,770,941
2005	12.0%	3,103,454

Source: Bank Negara Malaysia, Census of Distributive Trades 2002 – Department of Statistics Malaysia, MIRP Consult

As updated figures on retail and restaurant sales are not available, we have used the annual growth in private consumption expenditure (PCE) as a proxy for the growth in retail and restaurant sales from 2002 to 2005. The PCE is sourced from the national accounts and as seen from the table above, grew at double digit rates in 2004 and 2005.

Overall, it is estimated that total Retail and Restaurant Sales amounted to RM3.1 billion in Malacca.

Going forward, private consumption spending is generally expected to grow at a slower rate in 2006 and possibly 2007, as a result of inflationary pressures.

SECTION 6: RETAIL MARKET OVERVIEW OF MALACCA

6.1 Existing Supply of Shopping Centres

The retail landscape in Malacca was dominated mainly by street shops and stand alone supermarket and department stores in the 1970s and early 1980s. The more popular retail destinations during that time included Madam King's Department Store (still existent) and the Emporium (closed), both at Jalan Bunga Raya in the town centre.

The advent of modern, enclosed purpose-built shopping centres in Malacca, emerged only in the second half of the 1980s, with Plaza Soon Seng.

However, it was only in the 1990s that the construction of more modern shopping centres took off, with the opening of Jusco Malacca in 1991 and Mahkota Parade in 1994.

Malacca town was also undergoing rapid transformation at the time. The completion of the North-South Expressway in 1994, which linked all the major cities on the west coast of Peninsular Malaysia, led to a greater development of the Ayer Keroh area where the interchange to Malacca town was located. At the same time, major land reclamation resulted in the creation of a new area called Mahkota Malacca, where Mahkota Parade, Century Mahkota Hotel and Mahkota Medical Centre are now located.

Meanwhile, the emergence of new shopping centres took its toll on some of the older complexes, with Samudra Jaya (Orchard Square), the Pandan Plaza and the Great Wall Supermarket closing down in 2002.

According to the Property Market Report produced by the Valuation and Property Services Department, there were a total of 15 shopping complexes² in Malacca as at end-2005, all of which are located in the Malacca Tengah district. These shopping complexes provided a total of 2.05 million sq ft of retail space.

The main shopping centres are all located in Malacca Town and are listed in the next table. The three most popular centres in Malacca today are Mahkota Parade, Jusco and Tesco.

² The Property Market Report's definition of 'Shopping Complex' includes shopping centres, shopping arcades and stand-alone hypermarkets.

Shopping arcades are defined as dominant retail shops along one or both sides for trade, with generally open-sided walkways, whilst few have enclosed climate-controlled passageways. Their retail mix is generally unplanned; retail goods are generally similar in kind; there are no anchor tenants; although the complex is run by a single management company. There is generally no air-conditioning, whilst some have unit air-conditioning and few have central air-conditioning. The buildings have mostly stairways, with only some having common lifts and escalators.

Table 40: Major Shopping Centres in Malacca, as at June 2006

	Shopping Centres	Location	Estimated Net Lettable Area (sq ft)	Year of Opening
1.	Plaza Soon Seng	Jalan Tun Ali	107,769	1987
2.	Jaya Jusco	Jalan Leboh Ayer Keroh	183,477	1991
3.	Mahkota Parade	Jalan Merdeka	532,204	1994
4.	Plaza Hang Tuah	Off Jalan Hang Tuah	319,303	1997
5.	Kota Mas	Lebuh Ayer Keroh	257,583	1997
6.	Plaza Melaka Raya	Taman Melaka Raya	268,045	2001
7.	Tesco	Jalan Tun Razak	Estd. 140,000	2002
	Total		1,808,381	

Source: MIRP Consult; Property Market Reports; Company Annual Reports.

6.2 Retail Floor Space Provision

The 'total' retail floor space in Malacca comprises mainly:

- i. Shopping centres, and
- ii. Other types of retail space such as smaller, open air shopping arcades; smaller retail podiums in office and hotel buildings; street shops in shop houses, etc.

There are no official figures on 'total' retail floor space available. Whilst the amount of shopping centre floor space can be computed in a relatively straightforward manner by relying on our data in the earlier table, the derivation of other types of retail space requires some assumptions.

In particular, we have assumed that in terms of the street shops, 55% of ground floor units are used for retail, with an average floor area of 1,440 sq ft. Information on the supply of street shops is obtained from the Property Market Report (PMR) produced by the Valuation and Property Services Department. Information on other types of retail space, apart from street shops, can also be derived from the PMR.

The total retail floor space in Malacca, as well as the space per capita, is shown in the tables below.

Table 41: Shopping Centre and Retail Floor Space Provision in Malacca, 2005

State/Area	Total Retail Floor Space (Sq. ft)		
	Shopping Centre	Other	Total
Malacca	1,808,381	8,751,743	10,560,124

Source: MIRP Consult; Property Market Report

Table 42: Shopping Centre and Retail Floor Space Per Capita in Malacca, 2005

State/Area	Total Retail Floor Space (Sq. ft)		
	Shopping Centre	Other	Total
Malacca	2.5	12.3	14.8

Source: MIRP Consult; Property Market Report

It is estimated that Malacca has 10.6 million sq ft of retail space, of which 17% comprises purpose-built enclosed shopping centres. This works out to a provision of 14.8 sq ft of retail space per person, which is slightly higher than the combined retail space provision of 13.7 sq ft per person in Kuala Lumpur and Selangor.

The next two tables provide an international comparison of retail floor space per capita. Malaysia's total retail space per capita has also been computed and included in these tables.

As mentioned in an earlier section, Malaysia has a lower provision of retail floor space per capita, in comparison to Singapore, Korea, Japan and the other countries listed. Malaysia is estimated to have a shopping centre floor space per capita of 2.8 sq ft per person and a total retail floor space per capita of 10.7 sq ft per person in 2005.

Table 43: International Comparisons of Retail Floor Space Per Capita, 2004

Countries	Shopping Centre Floor Space per Capita (Sq Ft)
Japan	3.2
United Kingdom	3.2
Singapore	3.2
Australia	7.5
United States	21.5
Malaysia (2005)	2.8
Malacca (2005)	2.5

Table 43 (cont): International Comparisons of Retail Floor Space Per Capita, 2004

Countries	Total Retail Floor Space per Capita (Sq Ft)
Singapore	10.8
Japan	10.8
South Korea	12.9
Hong Kong	12.9
United Kingdom	14.0
Australia	22.6
United States	37.7
Malaysia (2005)	10.7
Malacca (2005)	14.8

Source: UrbisJHD Pty. Ltd – Retail Market Macro Analysis Report by Savills (Hong Kong) Ltd for The Link REIT, Sept 2005; MIRP Consult

Malacca's *shopping centre* floor space per capita is well below that of the other countries listed.

In terms of *total retail* floor space per capita, however, Malacca, has a higher provision compared to Singapore, Japan, South Korea, Hong Kong and the UK.

6.3 Future Supply of Shopping Centres

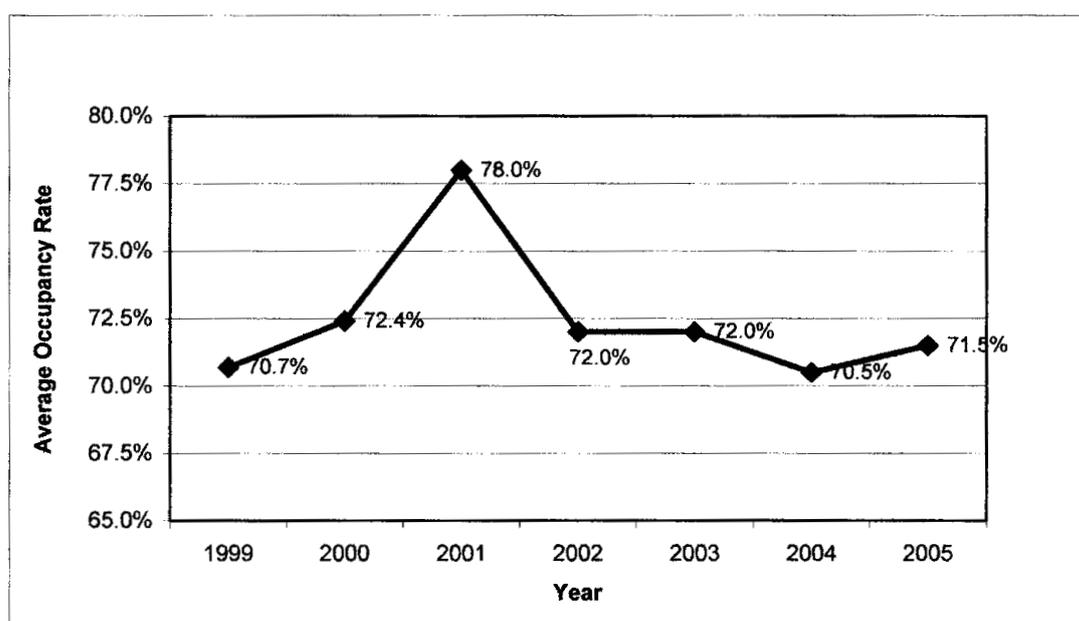
There are two centres currently under construction in Malacca, the first being Dataran Pahlawan in Malacca Town. This centre is situated in a prime location, opposite Mahkota Parade.

This development is estimated to add approximately 700,000 sq ft to the existing net retail space in Malacca. A percentage of its shop lots are being sold on a strata-titled basis. More details on Dataran Pahlawan and its implications on Mahkota Parade are contained in Section 7.2.2 of this report.

Apart from this, Giant, which currently has a supermarket outlet at Mahkota Parade, is setting up a hypermarket of approximately 132,000 sq ft along Jalan Tun Fatimah in the northern part of the town.

6.4 Average Occupancy Rates

Chart 3: Average Occupancy Rate of Shopping Complexes in Malacca, 1999 – 2005



Source: Property Market Report, Valuation & Property Services Dept, Ministry of Finance Malaysia

Based on the Property Market Report, the average occupancy rate of shopping complexes in Malacca was 71.5% at the end of 2005.

The average occupancy rate rose to 78% in 2001 but fell to 72% in 2002 due to the closure of three shopping complexes, namely Samudra Jaya (Orchard Square), the Pandan Plaza and the Great Wall Supermarket during the year.

The occupancy rates of the three main shopping centres mentioned earlier – i.e. Mahkota Parade, Jusco and Tesco are substantially higher. Mahkota Parade had an average occupancy rate of 98% in 2005. Jusco and Tesco, which are smaller in size, have full occupancies.

6.5 Visitor Traffic

There is no data available on visitor traffic at the shopping centres in Malacca, except for Mahkota Parade.

The latter had a total of 8 million visitors during the year 2005.

6.6 Rental Ranges

In Malacca, the rental performances of shopping centres have been mixed, with the more popular and well-managed shopping centres recording significant increases in rates. Some centres with strata-titled units and poor occupancy rates saw reductions in their rentals.

Mahkota Parade commands the highest rents in Malacca. Based on the Property Market Report, in 2002, the centre increased rents by 4%-17% for specific ground floor units and by 6%-35% for certain 1st floor units.

In 2003, rents for specific units were increased by 8%-48% on the ground floor and 8%-13% on the 1st floor.

In 2005, rents rose 21%-52% on the lower ground, and 14%-34% on the 1st floor. Rental rates ranged from RM5.50–18.00 psf on the lower ground; RM4.50–13.00 psf on the 1st floor; and RM2.00-2.50 on the 2nd floor.

Jaya Jusco raised rentals by 10%-30% for its ground floor specialty shops in 2002. As at 2005, its rents ranged from RM2.50 –14.00 psf on the ground floor and RM1.50 – 8.00 on the 1st floor.

Tesco also raised rentals, by approximately 7% in 2004 for its specialty shops, which range in sizes from 420 sq ft to about 900 sq ft. Its rents as at 2005, ranged from RM11-RM14 psf.

Rents for the rest of the other shopping centres in Malacca are substantially lower. Plaza Hang Tuah fetched RM3-12 psf in rents in 2005, but these are expected to decrease in 2006 due to the higher vacancies observed since the relocation of the bus terminal, which used to be next to the centre.

Rates at Plaza Melaka Raya are only between RM1-3 psf whilst Plaza Soon Seng has rents from RM2-6 psf. At Melaka Raya, rents of some first floor shop units declined by 43% in 2003 whilst in 2005, rental reductions of between 7% and 20% were recorded. It may decline further in 2006, with the closure of its anchor tenant, "Senyum" Supermarket earlier this year.

At Plaza Soon Seng, rents for some ground floor shop units fell by 28% in 2003 but remained stable in 2004 and 2005.

We expect a continued strengthening in rents at the more popular shopping centres in Malacca in the long term. The more marginal centres, however, may face further declines in rents, especially in the face of greater future competition, unless they are repositioned or refurbished.

Independent Retail Property Market Overview for HEKTAR REIT – Oct. 2006

Table 44: Rental Ranges of Selected Shopping Centres in Malacca, 1999 & 2005

Location and Building	1999		2005	
	Floor Area (sq ft)	Rental Range Per Month (RM/sq ft)	Floor Area (sq ft)	Rental Range Per Month (RM/sq ft)
Melaka				
Mahkota Parade, Bandar Hilir				
	Ground	7.75	121,881	5.50 - 12.00
	1	5.70	258	17.80
	2	2.50	84,314	16.80
			1,119	13.80
			1,119	13.80
			1,119	13.80
			1,485	15.60
			388	14.80
			258 - 1,485	13.80 - 17.80
			121,504	4.50 - 7.50
			F1	11.80
			F2	6.80
			F3	7.80
			F4	12.45
			F5	11.80
			FF	6.80 - 12.45
			2	2.00 - 2.50
			84,314	
Plaza Hang Tuah, Jalan Tun Mamat Off Jalan Hang Tuah				
	Ground	6.97 - 9.94	215 - 893	5.22 - 11.37
	1	4.00 - 6.00	172	11.37
	2	3.00 - 5.00	538	5.22
	3	2.00 - 3.00	538	3.17
	4	1.51 - 2.00	344 - 592	3.20 - 6.00
	5	1.20 - 1.51	517	3.20
Plaza Melaka Raya				
	Ground		538	1.19
	1		603 - 786	1.51 - 2.89
	2		258	1.58
	3		431 - 538	1.36 - 2.11
	4		431	2.11
	5		549	2.00
	6		3,455 - 5,888	1.00

APPENDIX VI - INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Independent Retail Property Market Overview for HEKTAR REIT – Oct. 2006

Location and Building	Floor Levels	Floor Area (sq ft)	Rental Range Per Month (RM/sq ft)		Floor Level	Floor Area (sq ft)	Rental Range Per Month (RM/sq ft)	
			1999				2005	
Soon Seng Plaza, Jalan Tun Ali	Ground	3,305	7.00		Ground	301	5.34	
	1	3,143	3.50			301	6.03	
	2	3,111	1.20		2	312	5.01	
						527	2.03	
Tesco					Ground	420	11.00	14.00
						893	14.00	
						420	14.00	
						646	13.00	
						646	14.00	
					883	12.00		
Jaya Jusco Shopping Complex Jalan Leboh Ayer Keroh	Ground	29,515	2.50	10.50	Ground	161	2.50	10.50
	1	22,475	1.51	8.00		1,733	6.00	
						1,023	10.00	
						969	6.00	
					1	1,066	13.75	
					495	1.51	8.00	
					592	4.00		
					646	6.00		
Kota Mas Shopping Centre Jalan Leboh Air Keroh	Basement	59,202	7.00	8.83				
	Ground	59,202	3.20	5.95				
	1	4,306	3.20	5.95		NA		NA
	2	4,306	2.00					

Source: Property Market Report, Valuation and Property Services Department, Ministry of Finance

6.7 Capital Value Transactions

There was one retail transaction in early 2006, whereby Plaza Kota Mas ceased operations and was taken over by Melaka Sentral Sdn Bhd, a state-owned company. The centre is currently being refurbished and has been renamed Melaka Mall. No further details, however, are available on the transacted value.

An indication of capital values may be obtained from the sales of shop lots at the upcoming Dataran Pahlawan Shopping Centre. Currently, small lots ranging from 220 sq ft to 350 sq ft in size on the lower ground, are being sold at approximately RM2,200 psf.

Earlier, in 2003, Mahkota Parade was sold by Chocolate Products Bhd to Hektar Black Sdn Bhd for RM146.59 million, which works out to RM264.76 per sq ft of total net lettable area.

6.8 Shopping Behaviour and Cultural Influences

Visiting shopping centres is a common and regular "past-time" for the people of Malacca, due to a limitation in what is available to them in the form of entertainment and leisure pursuits. Roads are not prone to much traffic congestion making it convenient to travel about within the town. This was gathered from focus group discussions conducted in 2004 for a research on shopping behaviour in Malacca.

Shoppers here, are price sensitive and therefore have a tendency to compare prices when they shop for things. They are driven by value and indulge in comparison goods shopping. This is attributed to several factors, one of which is the slightly lower income level in Malacca compared to Kuala Lumpur and Selangor.

Apart from this, tourism is an important contributor to retail sales in Malacca, both from domestic and foreign tourists especially, Singaporeans.

SECTION 7: REVIEW OF MAHKOTA PARADE

7.1. Evaluation of Mahkota Parade's Location and Size of the Available Market

Map 5: Mahkota Parade and Its Locality



Source: Hektar Group website

7.1.1 General Description of the Property

Mahkota Parade is the largest shopping centre in Malacca, with a net lettable area of 484,948³ sq ft as at Dec 2005. It is strategically located in the heart of Malacca town, within walking distance of the town's prime historical and tourist attractions. The centre comprises three retail levels – Ground, First and Second Floor – and has one level of basement car park as well as surface parking, providing 955 car park bays.

The façade of the centre fronts onto Jalan Merdeka, which, is linked at the museum roundabout with Jalan Kota, Jalan Laksamana and Jalan Hang Jebat where these have links to all other major roads in Malacca.

³ The total net lettable area of Mahkota Parade, including sold shop units, is 532,204 sq ft.

Mahkota Parade is positioned as a prime regional shopping centre, attracting not only shoppers from amongst residents of Malacca, but from other states in Malaysia, and international tourists as well. Based on an exit survey of 1,000 shoppers conducted at the centre by MIRP in early 2004, an estimated 69% of its shoppers were from Malacca, 21% were from other states in Malaysia, many of whom were domestic tourists and 10% were international tourists, particularly Singaporeans.

The shopping centre offers the widest variety of retail in Malacca, including entertainment and international fashion brands. Its anchor tenants are Parkson Grand Department Store, Golden Bowl, Giant Supermarket, and Golden Screen Cinemas. The centre has over 180 specialty tenants offering a wide mix ranging from fashion & footwear, food & beverage, gifts, books & toys to homewares, leisure & entertainment and, sports & fitness.

International fashion brands at Mahkota Parade include Esprit, Giordano, Levis, Adidas, Body Glove and United Sport (NIKE), whilst established local brands include Bonia, Sembonia, Seed, PDI, Factory Outlet Store (F.O.S.) and Reject Shop.

With its wide array of tenants, the centre caters to a broad segment of shoppers – families, young working couples as well as the young segment comprising students. Its appealing entertainment mix comprising a modern cineplex, bowling centre and an amusement centre, attract many young visitors. Primarily, the centre is perceived by the younger segment as a “happening” place in Malacca.

7.1.2 Accessibility by Road, Public Transport and Pedestrians

Mahkota Parade is well served by a network of roads. It is located approximately 20 minutes from the Ayer Keroh interchange of the North South Expressway (NSE). The NSE is the main artery joining the various towns and states in Peninsular Malaysia. Accessibility from this northern interchange is relatively straightforward. Commuters exiting from the toll plaza, will travel along Lebuhraya Ayer Keroh, turn south onto Jalan Mufli Haji Khalil and head towards Jalan Taming Sari. From here, Jalan Taming Sari converges with Jalan Tun Sri Lanang and Jalan Bendahara, where the town centre begins.

Mahkota Parade is situated less than 5 minutes drive south of Jalan Bendahara, along Jalan Merdeka. It has the advantage of being near many historical and tourist attractions such as the Malacca Sultanate Palace, The Stadthuys, St. Paul's Church, A-Famosa, the People's Museum and Jonker Walk. As such, it attracts international and domestic tourists who come to Malacca.

The centre is flanked by the upcoming Dataran Pahlawan retail centre in its northern front, a private hospital known as Mahkota Medical Centre in its adjacent east and the 4-star Century Mahkota Hotel in its adjacent south. On its immediate west are several rows of shop offices collectively known as Plaza Mahkota. Within walking distance, towards its north-east, is the 5-star Equatorial Hotel. A little further to its east, are several blocks of shop offices known as the Melaka Raya project.

Its proximity to tourism sites and commercial areas enables easy pedestrian accessibility for tourists, as well as for those working in shops and offices around Plaza Mahkota and Melaka Raya and from the Mahkota Medical Centre.

Mahkota Parade is also easily accessible to local residents, majority of which live in residential areas around the parameters of the town centre.

There is ease in public transport access because it is well served by both buses and taxis, given its location being a prime destination in town.

7.1.3 Impact of Future Infrastructural Projects and Commercial / Residential Developments in the Vicinity.

The main development under construction in the vicinity of Mahkota Parade is Dataran Pahlawan, a retail and tourist centre scheduled for part-completion in August 2006. Its competitive impact on Mahkota Parade is analysed in Section 7.2.2.

There is slight concern, however, that the agglomeration of the two retail centres, may exacerbate traffic congestion in the area.

7.1.4 Description of the Resident Trade Area Served by Mahkota Parade

The resident trade area that is served by Mahkota Parade consists of a primary sector which lies approximately within 7km radius or 15 minutes drive time of the subject property. This primary trade area encompasses approximately 74% of the centre's shoppers who are locals.

This trade area comprises the following 'Mukims' or "Residential Areas":

- Bandar Melaka, Bukit Baru, Batu Berendam, Bachang, Balai Panjang, Duyong, Pringgit, Bukit Piatu, Klebang Besar / Kechil, Semabok, Padang Semabok, Alai, Ujong Pasir, Padang Temu and Bukit Katil.

Population

The total population within the primary trade area was approximately 256,165 during the year 2000 Census.

Using projected growth rates by the Department of Statistics for the state, the population in Mahkota Parade's primary trade area is estimated to have grown to approximately 287,273 in 2005. It is anticipated to reach approximately 382,238 by 2020.

Table 45: Estimated and Projected Population in Mahkota Parade's Primary Trade Area

Year	2000	2005	2010	2015	2020
Population *	256,165	287,273	316,765	348,877	382,238
Year		2001-05	2006-10	2011-15	2016-20
Compounded Average Annual Growth		2.3%	2.0%	1.9%	1.8%

* The population has been adjusted for under-enumeration, by a factor of 5%.
Source: Department of Statistics Malaysia

Meanwhile, the gender distribution in the primary trade area is estimated to be 50.1% males and 49.9% females, based on the 2000 census.

Ethnic Profile

The latest ethnic distribution in Mahkota Parade's primary trade area is not available. However, an indication can be obtained from year 2000 Census, where the Chinese accounted for the highest ethnic group, at 46% of the population; followed by the Malays at 44% and the Indians at 5%. Non-Malaysian citizens accounted for 3% of the population in the primary trade area.

Table 46: Ethnic Distribution in Mahkota Parade's Primary Trade Area, 2000

Ethnic Group	% Distribution
Malays	44.3%
Other Bumis	0.3%
Chinese	46.2%
Indians	4.7%
Others	1.2%
Non-Malaysian Citizens	3.3%
Total	100.0%

Source: Population Distribution by Local Authority Areas and Mukims, Department of Statistics Malaysia

Age Profile

The primary trade area of Mahkota Parade contains a relatively young population. Based on the 2000 Census, those aged 0 – 19 years made up 39.5% of the population whilst those aged 20 – 39 years accounted for 31% of the population.

Adults who were 40 – 59 years comprised 21.5% of the population whilst those aged 60 years and above accounted for 8% of the population.

Table 47: Age Distribution in Mahkota Parade's Primary Trade Area, 2000

Age Group	% Distribution
0 – 19 years	39.5%
20 – 39 years	31.3%
40 – 59 years	21.5%
60 years & above	7.7%
Total	100.0%

Source: Population Distribution by Local Authority Areas and Mukims, Department of Statistics Malaysia

Occupation

Table 48: Occupation Breakdown in Mahkota Parade's Primary Trade Area, 2000

Occupation	Distribution
Legislators, senior officials and managers	11.2%
Professionals	6.2%
Technicians and associate professionals	14.4%
Clerical workers	11.0%
Service workers and shop & market sales workers	13.8%
Skilled agricultural and fishery workers	0.8%
Craft and related trades workers	9.9%
Plant and machine operators and assemblers	16.8%
Elementary Occupations	9.6%
Unknown Occupations	6.3%
Total	100.0%

Source: Census 2000, Department of Statistics Malaysia

The occupational breakdown in Mahkota Parade's primary trade area indicates that a third or 32% of the catchment comprises higher ranking personnel such as legislators, senior officials, managers, professionals, technicians and associate professionals.

25% of the population held jobs as clerical workers, service and retail sales workers.

10% were craft and related trades workers whilst 17% were plant and machine operators and assemblers.

7.1.5 The Worker and Tourist Market in the Area

According to census information, the workforce in Mahkota Parade's primary trade area amounted to 95,214 in 2000. The workforce ratio works out to approximately 37% of the population.

Some of these workers would likely shop at Mahkota Parade during the weekdays, given the centre's proximity to the town centre and other major commercial areas.

The tourist market also features significantly in Mahkota Parade's case, with an exit survey conducted in 2004 by MIRP Consult indicating that 10% of its visitors consisted of international tourists, whilst 21% were mainly domestic tourists from other states. Tourism growth has been strong in Malacca, with tourist arrivals having increased at a compounded average annual rate of 17% between 2000 and 2005.

7.2 Competition Review

7.2.1 Existing Competition, as at June 2006

In terms of existing competition, there are no directly comparable shopping centres to Mahkota Parade as it is the only regional mall in Malacca. The other centres are smaller and are differently positioned. The only competing centres of some relevance would be Jaya Jusco and Tesco.

A brief description and evaluation of the various shopping centres in Malacca are provided in the table below.

Table 49: Review of Key Competing Centres to Mahkota Parade

Shopping Centre	Estimated Net Lettable Area (sq ft)	Description	Evaluation
<u>Jaya Jusco</u>	183,477	<p>This is a two-level suburban mall located approximately 8 minutes drive from the Ayer Keroh Interchange of the North South Expressway. It is anchored and occupied mainly by Jaya Jusco Supermarket and Department Store.</p> <p>It has some complementary specialty retail outlets on both floors offering mainly Food & Beverage, Fashion & Footwear, Books, Optical Products, Pharmaceutical Products, General Services, etc. There is also a children's amusement centre and babies' feeding and changing rooms, which is convenient to young families with kids.</p> <p>The centre is fully occupied.</p>	<p>While the centre caters to the mass market, it is particularly popular amongst families who shop there for groceries, household products, electrical goods and apparel, and who are also attracted by its facilities for their children.</p>
<u>Tesco</u>	140,000	<p>This is in a single level stand alone building anchored by Tesco hypermarket. It offers a wide array of grocery and household products at competitive prices. There are several specialty retail outlets and kiosks providing Food & Beverage, Snacks, Casual Wear, Fashion Accessories, Footwear, Optical Products, CDs, etc.</p> <p>Tesco is currently expanding its retail premises. It has benefited from the relocation of the town's central bus/taxi terminal to Melaka Sentral in 2004, located just opposite the hypermarket. A flyover links the terminal to the hypermarket.</p> <p>The centre is fully occupied.</p>	<p>This centre caters to the groceries, household products and convenience shopping needs of the mass market. It attracts many families. With the opening of the new bus terminal, there has been a significant increase of shoppers at the centre.</p>

Table 49 (cont): Review of Key Competing Centres

Shopping Centre	Estimated Net Lettable Area (sq ft)	Description	Evaluation
<u>Plaza Melaka Raya</u>	268,045	<p>This is a 5-level strata-titled shopping centre located in Melaka Raya, not too far from Mahkota Parade. It is part of an integrated project comprising apartments on top of the retail centre.</p> <p>Its anchor tenant used to be Senyum Supermarket and Department Store, but the latter has closed since early 2006. The other major tenant is a bowling centre and a discount variety store called Hot Market. Vacancy of its upper floor shop lots is high.</p>	<p>The centre used to attract mainly shoppers living in its immediate neighbourhood, because of its Department store anchor. However, without an anchor, shoppers may be deterred elsewhere.</p>
<u>Plaza Hang Tuah</u>	319,303	<p>This is a 4 level strata-titled shopping centre located in Malacca town centre, near the former central bus / taxi terminal. Shopper traffic, however, has declined significantly with the relocation of the transport terminal to Melaka Sentral, near Tesco.</p> <p>Plaza Hang Tuah was formerly anchored by Pasaraya Hiong Kong Supermarket and Department Store, which has since moved out. Its shops, operated by mainly single-store local retailers, sell telecommunication products, affordable casual & street wear, footwear and optical products. Services range from beauty and hair salons to mobile phone repairs, etc. A high number of its upper floor shop lots have become vacant since the relocation of the bus terminal. Many of its previous retailers are believed to have moved to Melaka Sentral.</p>	<p>This centre used to be fairly vibrant and bazaar-like, attracting many foreign migrant workers and Malays, due to its proximity to the former bus/ taxi terminal. Now that the terminal has been relocated to Melaka Sentral, it has visibly been affected by this resulting in an obvious decline in visitor levels.</p>
<u>Plaza Soon Seng</u>	107,769	<p>This is a 4 level shopping centre, occupied mainly by Fajar Supermarket and Department Store. There are a small number of complementary specialty retail outlets such as a pharmacy, optical shops, casual wear, fashion accessories and footwear retailers, a fast food outlet and food court. Its upper most floor, however has many vacant shop lots.</p>	<p>The centre's anchor tenant, Fajar, attracts shoppers from the immediate vicinity. The centre competes on low price points for its grocery and household products. Fajar continues to have a loyal following amongst its customers.</p>
<u>Melaka Mall</u> <u>(formerly Plaza Kota Mas)</u>	257,583	<p>This 4 level strata-titled shopping centre is temporarily closed and undergoing refurbishment.</p> <p>It was formerly anchored by The Store Supermarket and Department Store. A high number of its upper floor shop lots used to be vacant.</p>	<p>The centre is currently vacant..</p>

Source: MIRP Consult

7.2.2 Potential Future Competition

Dataran Pahlawan:

The main future potential competition to Mahkota Parade is Dataran Pahlawan, which is being constructed on 19.6 acres directly opposite the subject property. This centre is being positioned as a regional retail and tourist destination, with a planned total net lettable area of approximately 700,000 sq ft when fully completed by the end of 2007.

The first phase of Dataran Pahlawan consists of two retail levels - an enclosed lower level and an open-decked upper level – which recently opened in September 2006. The lower level contains specialty shop units ranging from 120 sq ft to 3,500 sq ft. The upper level comprises an open field on one end and a dome-shaped retail podium which is being themed as an IT / digital centre, on the other end.

Retailers which are said to be locating at Dataran Pahlawan include international fashion brands such as MNG, Esprit, Polo Haus, Bossini, Hush Puppies and other well-known retail chains such as F.O.S., England Optical and Ogawa.

The second phase of the development consists of a five-storey retail annex which is targeted for completion in the third quarter of 2007. Potential tenants in this annex include a hypermarket and fitness centre.

In total, the centre's owners will be retaining 60% of the shop units to be leased out, with the balance of 40% being sold on a strata-titled basis.

The northern boundary of Dataran Pahlawan flanks many of the main historical and tourist sites of Malacca, such as the A' Famosa, Melaka Sultanate Palace, etc. Hence, it is anticipated to attract tourists to Malacca.

There are concerns however, that the development has insufficient car parking, numbering less than 400 enclosed bays on the lower retail level.

7.2.3 Implications on Mahkota Parade

Dataran Pahlawan is expected to pose competition to Mahkota Parade. Its targeted retailers are those of fashion, food & beverage, grocery & household products and other specialty stores. However, seen positively, together with Mahkota Parade, the whole precinct will likely turn into an even more vibrant and bustling destination for tourists and local people alike, replicating what the "Bukit Bintang" area has done for Kuala Lumpur; it evolved into a thriving precinct for shopping and entertainment because of its agglomeration of retail centres.

Mahkota Parade will still be the only shopping centre with a modern cineplex in Malacca and its strong fashion, entertainment and leisure components are expected to continue to appeal to shoppers.

7.3 Key Strengths

Top Shopping Centre and Established Landmark in Malacca: Mahkota Parade is the top shopping centre in Malacca in terms of tenant mix, entertainment offering, centre layout, size and appeal to the local people, when deciding on a place to spend their leisure time with friends or family. It is also an established landmark in the state, being its largest and only regional mall.

Good Location and Accessibility: Its prime location in the town centre, proximity to key historical tourist destinations, as well as easy accessibility from all parts of the town, are key strengths. The centre is also well served by buses and taxis.

Sizable Catchment: The centre has a primary trade area population of 287,000 and a combined primary and secondary trade area population that encompasses the whole state of Malacca of 713,000, as at 2005.

Wide Ranging Tenant Mix: The centre currently carries the widest range of retailers in Malacca, from international and leading national brands, to grocery and household products, food and beverage, and entertainment. It operates the only Cineplex in Malacca and its bowling facility is a hit with both the family segment as well as the young.

Shopper-Friendly Layout: Centre layout is well-planned, with wide corridors, minimal secondary corridors and a spacious central atrium for events. This encourages visitors to spend time in the centre making it a popular place for "hanging out" with friends and family.

Tourist Attraction: The centre itself is a tourist attraction, due to its strategic location, high visibility and provision of an international-class shopping environment. It attracts many domestic and international tourists, particularly during weekends and holidays. Malacca had nearly 1 million international tourist arrivals and 3.7 million domestic tourist arrivals in 2005.

Customer-Centric Management: Centre management is proactive and constantly seeks to understand their shoppers, consumers' psychographics and trends.

7.4 Weaknesses

Insufficient parking lots to cater to higher capacity crowd on weekends: This causes drivers to have to circulate until a spot is available. A suggestion is that the surface parking areas be reconfigured for more parking and greater visibility of the centre's façade.

Drop off point for shoppers tend to be concentrated at the side entrance of Parkson Department Store, resulting in traffic congestion: This may result in some congestion along the road when picking or dropping off passengers at the centre especially during weekends. Other strategically placed passenger drop off points may be allocated for vehicles in the future.

Small size of supermarket anchor: Mahkota Parade's supermarket tenant – Giant – is relatively small in size at 24,143 sq ft and hence is constrained in the variety of products it carries.

7.5 Opportunities

Tenant mix: There are opportunities to continuously improve tenant mix in response to retail gaps, given that centre management is customer-centric and conducts research to understand their shoppers on a regular basis.

Events and entertainment: These include opportunities to upgrade selected components of their entertainment mix, for example, the cineplex. Other forms of entertainment suitable for the family may be further included for a more complete range.

Family focused events with an emphasis on children will also likely attract more families to the centre.

Facilities: The centre has upgraded facilities to provide an even more improved environment for its visitors. For example, the car park coin payment system upon entry, which used to hinder ingress to the car park has been replaced with a more efficient method of automated machine payment within the centre. The centre is also currently refurbishing its public restrooms.

Potential for expansion or further development: There is vacant land on the subject property, which is being used now as the surface car park, that may allow for further expansion of the shopping centre or for the construction of additional car park bays in the future. The potential creation of additional retail space in the basement car park for supermarket expansion as well as potential vertical expansion of the centre, also provide flexibility in terms of expansion options.

All these may be considered in the face of the potential increase in tourist visitations and the locality surrounding the centre becoming even more established as a landmark. Big Box retailers, entertainment outlets, gourmet attractions/ centres, power centres are some suggestions for the future depending on types of retail gaps that need to be filled.

7.6 Threats

Competition: Potential competition from Dataran Pahlawan is a threat, but may also be viewed positively as adding to the destinational appeal of the shopping precinct.

Visitors to Dataran Pahlawan may utilise parking facility at Mahkota Parade: If there are insufficient car parks for visitors to the Dataran, it may result in them parking at Mahkota Parade's car park, exacerbating problems of parking during the weekend.

External threats may dampen tourism: External security or health threats may dampen tourist arrivals to Malacca, cutting back the tourist dollar on shopping. A mitigating factor, however, is the strong growth trend in domestic tourist arrivals.

Inflationary threats: Inflationary pressures from higher fuel costs and rising interest rates may dampen consumer spending in the near term.

7.7 Future Prospects for Mahkota Parade

Retail Market:

The emergence of new retail centres in Malacca during the last two decades, has intensified competition, with the casualties being centres which have poor layouts, incomplete control of their tenant mix and poor understanding of their target markets. Market share has shifted to those centres which are appropriately positioned, well planned and well-managed. These better centres appear well-entrenched and are likely to remain resilient in the face of competition.

Tourism will continue to be a significant contributor to retail sales and in this respect, prospects are positive with, among other things, the upgrading of Malacca's airport to cater to more foreign tourists in the future. The recent completion of the Malacca International Trade Centre at Ayer Keroh, is also expected to boost domestic and international tourism.

At the same time, concerted efforts by the local and federal government to attract more knowledge-based and biotechnology industries into the state also augur well for its economy.

Mahkota Parade:

The prospects for Mahkota Parade are positive in the medium to long term. The centre is well-established and should benefit from the continued growth in domestic and international tourism. The emergence of Dataran Pahlawan, while posing some competition to the centre, will likely also be complementary to the subject property, as theirs together is a prime location in Malacca which will probably become destinational for shoppers and tourists.

SECTION 8: LIMITATIONS OF THE REPORT

Use of this document for any other purposes, is not authorised by MIRP Consult, the Manager or the Trustee. No part of this report may be reproduced without our written authority.

This document contains a significant volume of information directly furnished from other sources. The information furnished by other sources in this report, whilst believed to be reliable, is not guaranteed by the writers. MIRP Consult does not warrant or represent that such information is accurate or correct.

Assumptions are a necessary part of this report. MIRP Consult adopts assumptions because of the unavailability of some information, or because they fall outside the scope of our expertise. While these assumptions are based on careful consideration of factors known to MIRP Consult at the date of this document, the risk that any of the assumptions may be incorrect should be taken into account. No warranty or representation is made that the assumptions on which this report is based are accurate or correct.

All forecasts and statements in this Retail Market Overview are based on certain assumptions and are subject to certain risks and uncertainties, and therefore such projections and forecasts are to be regarded as indicative of possibilities rather than absolute certainties. The process of making such projections and forecasts, involves assumptions about many variables, which, are susceptible to changing conditions that may significantly affect the final outcomes. MIRP Consult does not warrant that the projections or forecast will be achieved.

The statements, information and opinions expressed or provided in this report are intended only as a guide to the investment.

The consultant or any person involved in the preparation of this report does not give any warranties as to the content nor accepts any contractual, tortious or other form of liability of any consequences, loss or damage which arise as a result of any person acting upon or using the statement, information or opinion in this report.

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APPENDIX VII - PROCEDURES FOR APPLICATION AND ACCEPTANCE

1 Opening And Closing Of Applications

Opening of the Public Offering : 10.00 a.m. on 15 November 2006

Closing of the Public Offering : 5.00 p.m. on 22 November 2006

Our directors and the Managing Underwriter in their absolute discretion may mutually decide to extend the closing date and time for the Public Offering. We will announce any extension of the closing date in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

We will not accept late applications.

2 Eligibility

You can only apply for the Offer Units if you fulfill all of the following:

- (i) You must have a CDS account. If you do not have a CDS account, you may open one by contacting any of the ADAs listed in Appendix VIII of this Prospectus.
- (ii) You must be one of the following:
 - (a) A Malaysian citizen who is at least 18 years old as at the closing date of the Public Offering with a Malaysian address; or
 - (b) A corporation/institution incorporated in Malaysia where there is a majority of Malaysian citizens on your board of directors/trustee and if you have a share capital more than half of your issued share capital, excluding preferred share capital, is held by Malaysian citizens; or
 - (c) A superannuation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years old, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in Appendix VIII; and

- (iii) You are not a director or employee of the Issuing House or their immediate family members.

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APPENDIX VII - PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

3 Methods Of Application

Class of Applicants	Application Method	Number of Offer Units Available
1. Malaysian public (for individuals)	White Application Form or Electronic Application ⁽¹⁾ or Internet Application ⁽²⁾	
2. Malaysian public (for non-individuals, e.g. corporations, institutions etc.)	White Application Form only	
3. Eligible directors, employees and business associates of Hektar Asset Management and the business associates of HKSB, HBSB and HPSB	Pink Application Form only	
4. Identified investors	Via bookbuilding process	

Notes:

- (1) A surcharge of RM2.50 per Electronic Application will be charged by the Participating Financial Institution.
- (2) A processing fee per Internet Application will be charged by MBB, CIMB Securities and RHB of RM1.00, RM5.00 and RM2.50 respectively.

4 Procedures For Applications Using Application Forms

Our eligible directors, employees and business associates and the business associates of HKSB, HBSB and HPSB will be distributed with **Pink** Application Forms, letters detailing their allocations and instructions. Their applications must follow the notes and instructions in the said documents and where relevant, this Prospectus.

If you are a Malaysian public, you should follow the following procedures in making the application.

Step 1: Obtain application documents

Obtain the **White** Application Form together with the White Official "A" and "B" envelopes and this Prospectus. These documents can be obtained subject to availability from the following parties:

- (i) Ascambankers;
- (ii) Participating organisations of Bursa Securities;
- (iii) Members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association; and
- (iv) Issuing House.

APPENDIX VII - PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Step 2: Read the Prospectus

In accordance with Section 41(2) of the SCA, the Application Forms are accompanied by this Prospectus. You are advised to read and understand this Prospectus before making your application.

Step 3: Complete the Application Form

Complete the **White** Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in this Prospectus.

(i) Personal particulars

You must ensure that your personal particulars submitted in your application are identical with the records maintained by Bursa Depository. Please inform Bursa Depository promptly of any changes to your personal particulars.

If you are an individual and you are not a member of the armed forces or police, your name and national registration identity card (“NRIC”) number must be the same as:

- (a) your NRIC;
- (b) any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) your “Resit Pengenalan Sementara (JPN 1/9)” issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara, 1990.

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

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

(ii) CDS account number

You must state your CDS account number in the space provided in the **White** Application Form. Invalid or third party CDS account will **not** be accepted.

(iii) Details of payment

You must state the details of your payment in the appropriate boxes provided in the **White** Application Form.

Step 4: Prepare appropriate form of payment

Prepare the correct form of payment in RM for the FULL amount payable for the Offer Units based on the Final Retail Price, which is RM1.05 per Offer Unit.

Payment must be made out in favour of “**MIH UNIT ISSUE ACCOUNT NO:430**” and crossed “**A/C PAYEE ONLY**” (excluding ATM statements) and endorsed on the reverse side with your name and address. We only accept the following methods of payment:

APPENDIX VII - PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (i) **BANKER'S DRAFT** or **CASHIER'S ORDER** purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputra applicants); or
- (ii) **CHEQUES** issued by participating licensed finance companies in Malaysia and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputra applicants); or
- (iii) **MONEY ORDER** or **POSTAL ORDER** (for applicants from Sabah and Sarawak only); or
- (iv) **GUARANTEED GIRO ORDER ("GGO")** from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputra applicants); or
- (v) **ATM STATEMENT** obtained from any of the following financial institutions:
 - Affin-ACF Finance Berhad;
 - Alliance Bank Malaysia Berhad;
 - AmBank (M) Berhad;
 - CIMB Bank Berhad (formerly known as Bumiputra-Commerce Bank Berhad);
 - EON Bank Berhad;
 - Hong Leong Bank Berhad;
 - Malayan Banking Berhad;
 - Public Bank Berhad;
 - RHB Bank Berhad; or
 - Southern Bank Berhad.

We will not accept application with excess or insufficient remittances or inappropriate forms of payment.

Only one Application Form from each Applicant will be considered and each application must be for 100 Offer Units or multiples thereof. **Multiple applications will not be accepted. A person who submits multiple applications in his own name or by using the name of others, with or without their consent, commits an offence under Section 87A of the Securities Industry Act, 1983 ("SIA") and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 88B of the SIA.**

No acknowledgement of the receipt of the Application Form or application monies will be made by Hektar Asset Management and/or Issuing House.

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Step 5: Finalise applications

Insert the White Application Form with payment and a legible photocopy of your identification document (NRIC/valid temporary identity document issued by the National Registration Department/Resit Pengenalan Sementara (JPN1/9)/authority card/certificate of incorporation) into White Official "A" envelope and seal it.

Write your name and address on the outside of the White Official "A" and "B" envelopes. The name and address written must be identical to your name and address as per your NRIC/valid temporary identity document issued by the National Registration Department/Resit Pengenalan Sementara (JPN1/9)/authority card/certificate of incorporation. Affix a stamp on White Official "A" envelope and insert White Official "A" envelope into White Official "B" envelope.

Step 6: Submit the application

You can submit your application in White Official "B" envelope by either one of the following methods:

- (i) despatch by **ORDINARY POST** to:

Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
P.O. Box 13269
50804 Kuala Lumpur

- (ii) **DELIVER BY HAND** and deposit in the Drop-in-Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 22 November 2006 or for such further period or periods as our directors and the Managing Underwriter in their absolute discretion may mutually decide.
- (iii) **DELIVERED IN A DRIVE IN MANNER** at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on the last day of acceptance of applications which is currently on 22 November 2006 between 10.00 a.m. to 5.00 p.m. only.

5 Procedures For Application Using Electronic Applications

Applications for the Offer Units by way of Electronic Application are only applicable to members of the Malaysian public who are individuals. Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Electronic Application and the procedures set out in the ATM screens of the Participating Financial Institution before making an Electronic Application.

Step 1: Set up of account

Before making an application by way of Electronic Application, you **must have both** of the following:

- (i) an account with any of the following Participating Financial Institutions and an ATM card issued by that Participating Financial Institution to access the said bank account:
- AmBank(M) Berhad;
 - Bank Muamalat Malaysia Berhad;
 - CIMB Bank Berhad (formerly known as Bumiputra-Commerce Bank Berhad);
 - EON Bank Berhad;
 - HSBC Bank Malaysia Berhad;

APPENDIX VII - PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- Malayan Banking Berhad;
 - OCBC Bank (Malaysia) Berhad; or
 - Standard Chartered Bank Malaysia Berhad (at selected branches only).
- (ii) sufficient funds in your bank account with the relevant Participating Financial Institution at the time you make the application.

Step 2: Read the Prospectus

You are advised to read and understand the Prospectus before making your application.

Step 3: Apply at a Participating Financial Institution's ATM

- (i) Go to an ATM of the Participating Financial Institution at their selected branches.
- Your ATM card issued by a Participating Financial Institution must not be used to apply for the Offer Units at an ATM belonging to another Participating Financial Institution.
- You may apply for the Offer Units at an ATM of the Participating Financial Institution situated in another country or a place outside of Malaysia.
- (ii) Choose the Electronic Application option at the ATM. You must follow the procedures set out in the ATM screen of the Participating Financial Institution, or else your application will be rejected.
- (iii) Enter the following information through the ATM where the instructions on the screen require you to do so:
- Personal Identification Number (PIN);
 - MIH Unit Issue Account No: 430;
 - number of the Offer Units applied for and/or the RM amount to be debited from your account; and
 - CDS account number.
- Use your own CDS account when applying for the Offer Units, even when you have a joint account with any of the Participating Financial Institutions. The above are the minimum disclosure requirements. The Participating Financial Institution may require additional disclosures from you.
- (iv) You will have to confirm and undertake that the following mandatory statements are true and correct by pressing predesignated keys or buttons on the ATM keyboard:
- you are at least 18 years of age as at the closing date of the application for the Offer Units;
 - you are a Malaysian citizen residing in Malaysia;
 - you have read the Prospectus and have understood and agreed with the terms and conditions of this application;
 - this is the only application that you are submitting; and
 - you give consent to the Participating Financial Institution and Bursa Depository to disclose the information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

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APPENDIX VII - PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

You must complete all the steps and follow the instructions set out on the ATM screen.

- (v) Upon completion of your application, you will receive a computer-generated transaction slip (“Transaction Record”) confirming the details of your application. The Transaction Record is a record that you have completed a transaction at the ATM and not a record that the Issuing House or we have received any part of your application.

Do not submit your Transaction Record with any Application Form. It is for your own retention.

- (vi) Additional terms and conditions for Electronic Application are as follows:
- (a) You agree and undertake to subscribe for or purchase and to accept the number of Offer Units applied for as stated in the Transaction Record or any lesser amount that may be allotted or allocated to you.
 - (b) Your confirmation by pressing the key or button on the ATM shall be treated as your acceptance of the number of Offer Units allotted or allocated to you.
 - (c) Should you be allotted any Offer Units, you shall be bound by the Deed.
 - (d) You confirm that you are not applying for the Offer Units as a nominee of other persons and that your Electronic Application is made on your own account as a beneficial owner.
 - (e) You request and authorise us to credit the Offer Units allotted to you into your CDS account and to Offer unit certificate(s) representing those Offer Units allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to Bursa Depository.
 - (f) You acknowledge that your application is subject to electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in our control, or the control of the Issuing House, the Participating Financial Institution or Bursa Depository. You irrevocably agree that you are deemed not to have made an application if we or the Issuing House do not receive your application or your application date is wholly or partially lost, corrupted or inaccessible to us or the Issuing House. You shall not make any claim whatsoever against us, the Issuing House, the Participating Financial Institution or Bursa Depository.
 - (g) You irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the transfer of the Offer Units allocated to you.
 - (h) You agree that in the event of legal disputes arising from the use of Electronic Applications, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Court of Malaysia.
 - (i) A surcharge of RM2.50 per Electronic Application will be charged by the respective Participating Financial Institution.

Note:

- *Applicants of the Offer Units should take note that the word ‘share’ or ‘shares’ appearing on the ATM screen should be taken to represent “Unit(s)” in the application process.*

6 Procedures For Applications Using Internet Application

Applications for the Offer Units by way of Internet Application are only applicable for members of the Malaysian public who are individuals.

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

Step 1: Set up of account

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

- (i) an existing account with **Malayan Banking Berhad** and be a registered user under www.maybank2u.com.my;
- (ii) an existing account with **CIMB Securities Sdn Bhd** registered in your name (and not in a nominee's name) and be a registered user of **i*Trade@CIMB**. You need to have your user identification and PIN/password for the Internet financial services facility;
- (iii) an existing account with **RHB Bank Berhad** and be a registered user under www.rhbbank.com.my; and
- (iv) sufficient funds in your bank account required by the relevant Internet Participating Financial Institutions at the time you make the Internet Application, for both the price payable for the Offer Units and related transactional charges to be incurred.

Step 2: Read the Prospectus

You are advised to read and understand the Prospectus before making your application.

Step 3: Apply through the Internet

We have set out possible steps for an application of the Offer Units via Internet Application below for illustration purposes only.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an account;
- (ii) Log in to the internet financial services facility by entering your user identification and PIN/password;
- (iii) Navigate to the section of the website on applications in respect of initial public offerings;
- (iv) Select the counter in respect of the Offer Units to launch the Electronic Prospectus and the terms and conditions of the Internet Application;

APPENDIX VII - PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (vi) At the next screen, complete the online application form;
- (vii) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of Offer Units applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

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

- you are at least 18 years of age as at the closing date of the application for the Offer Units;
 - you are a Malaysian citizen residing in Malaysia;
 - you have, prior to making the Internet Application, received and/or have had access to a printed/electronic copy of the Prospectus and have read and understood its contents;
 - you agree to all the terms and conditions of the Internet Application as set out in the Prospectus and have carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus, before making the Internet Application;
 - the Internet Application is the only application that you are submitting for the Offer Units;
 - you authorise the Authorised Financial Institution to deduct the full amount payable for the Offer Units from your account with the Authorised Financial Institution;
 - you give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - you are not applying for the Offer Units as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus;
 - you authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us or other relevant parties in connection with the Public Offering, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Public Offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Application services;
- (viii) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your money for the Public Offering;

APPENDIX VII - PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ix) You must pay for the Offer Units through the website of the Authorised Financial Institution, failing which the Internet Application is deemed incomplete, despite the display of the Confirmation Screen. "Confirmation Screen" refers to the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Application has been completed and states the details of your Internet Application, including the number of Offer Units applied for, which can be printed out by you for your records;
- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Offer Units is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Application has been completed, via the Confirmation Screen on its website; and
- (xi) You are advised to print out the Confirmation Screen for reference and retention.

Note:

- *Applicants of the Offer Units should take note that the word 'share' or 'shares' appearing on the Internet financial services website of the Internet Participating Financial Institutions should be taken to represent "Unit(s)" in the application process.*

7 Terms And Conditions

THE TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. PLEASE REFER TO THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION FOR THE EXACT TERMS AND CONDITIONS AND INSTRUCTIONS.

- (i) You are required to pay the Final Retail Price for each Offer Unit you have applied for.
- (ii) You can submit only 1 application for the Offer Units offered to the Malaysian public. For example, if you submit an application using a White Application Form, you cannot submit an Electronic Application or Internet Application.

However, if you have made an application using the Pink Application Form, you can still apply for the Offer Units offered to the Malaysian public using the White Application Form, Electronic Application or Internet Application.

The Issuing House acting under the authority of the directors has the discretion to reject applications that appear to be multiple applications.

We wish to caution you that if you submit more than 1 application in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 87A of the Securities Industry Act, 1983 and may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 88B of the Securities Industry Act, 1983.

- (iii) Your application must be for at least 100 Offer Units.
- (iv) Your application must be made in connection with and subject to this Prospectus and the Deed. You agree to be bound by the Deed.
- (v) Your submission of an application does not necessarily mean that your application will be successful. Any submission of application is irrevocable.

APPENDIX VII - PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (vi) We or the Issuing House will not issue any acknowledgement of the receipt of your application or application monies.
- (vii) You must ensure that your personal particulars submitted in your application and/or your personal particulars as recorded by the Internet Participating Financial Institution are correct and identical with the records maintained by Bursa Depository. Otherwise, your application is liable to be rejected. Bursa Depository will have to be promptly notified of any change in your address, failing which the notification letter of successful allocation will be sent to your registered/correspondence address last maintained with Bursa Depository.
- (viii) Your remittances having been presented for payment shall not signify that your application has been accepted.

Our acceptance of your application to subscribe for or purchase the Offer Units shall be constituted by the issue of notices of allotment for the Offer Units to you.

- (ix) Submission of your CDS account number in your application includes your authority/consent in accordance with Malaysian laws for Bursa Depository and the Participating Financial Institution (as the case may be) to disclose information pertaining to your CDS account and other relevant information to us or the Issuing House and any relevant regulatory bodies (as the case may be).

You agree to accept our decision as final should we decide not to allot any Offer Units to you.

- (x) Additional terms and conditions for Internet Application are as follows:
 - (a) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Application which would result in the Internet financial services website displaying the Confirmation Screen. You are required to complete your Internet Application by the closing date and time for the Public Offering mentioned in Section 1 of this Prospectus.
 - (b) You irrevocably agree and undertake to subscribe for and to accept the number of Offer Units applied for as stated on the Confirmation Screen or any lesser amount that may be allotted or allocated to you. Your confirmation by clicking the designated hyperlink on the relevant screen of the website shall be treated as your acceptance of the number of Offer Units allotted or allocated to you.
 - (c) You request and authorise us to credit the Offer Units allotted to you into your CDS account and to issue unit certificate(s) representing those Offer Units allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to Bursa Depository.

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- (d) You irrevocably agree and acknowledge that the Internet Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond our control and the control of the Internet Participating Financial Institution and/or the Authorised Financial Institution. If, in any such event, we, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Application and/or payment, or in the event that any data relating to the Internet Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, you shall be deemed not to have made an Internet Application and you shall have no claim whatsoever against us, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution.
- (e) You irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the transfer of the Offer Units allocated to you.
- (f) You agree that in the event of legal disputes arising from the use of Internet Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (g) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Application by us, the Issuing House and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution.
- (h) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Application.
- (i) In making the Internet Application, you have relied solely on the information contained in this Prospectus. We, the Managing Underwriter, Adviser and any other person involved in the Public Offering shall not be liable for any information not contained in this Prospectus which may have been relied by you in making the Internet Application.
- (j) A processing fee per Internet Application will be charged by MBB, CIMB Securities and RHB of RM1.00, RM5.00 and RM2.50 respectively.

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8 Authority Of Our Directors And The Issuing House

If you are successful in your application, our directors reserve the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain your application is genuine and valid. Our directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

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

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

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

9 Over/Under-Subscription

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our directors to determine acceptance of applications. In determining the manner of balloting, our directors will consider the desirability of distributing the Offer Units to a reasonable number of applicants for the purpose of broadening the Fund's unitholding base and establishing an adequate market in the trading of the Offer Units. Pursuant to the listing requirements of Bursa Securities, at least 25% of the total number of Units in offer must be held by a minimum of 1,000 public Unitholders holding not less than 100 Units each upon the completion of the Public Offering and at the point of listing. We expect to achieve this at the point of listing. In the event that the above requirement is not met, we may not be allowed to proceed with the listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

In the event of an under-subscription by the Malaysian public, any Offer Units that remains unsubscribed will be subscribed by the Managing Underwriter and Underwriter pursuant to the Underwriting Agreement.

Where your successfully balloted application is subsequently rejected, the full amount of your application monies, will be refunded without interest to you within 10 Market Days from the date of the final ballot to your address registered with Bursa Depository.

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10 Successful/Partially Successful Applicants

If you are unsuccessful/partially successful in your application, we will return your application monies or balance application monies without interest in the following manner.

10.1 For applications using White Application Form

- (i) The application monies or the balance of it, as the case may be, will be returned to you without interest via the self-addressed and stamped White Official "A" envelope you provided by ordinary post (for unsuccessful applicants) or by registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot.
- (ii) If your application was rejected because you did not provide a CDS account number, your application monies without interest will be sent to the address stated in the NRIC or "Resit Pengenaln Sementara (JPN 1/9)" or any valid temporary identity document issued by the National Registration Department from time to time.
- (iii) The Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies, without interest, will be refunded by registered post to your last address maintained with Bursa Depository or as per item (ii) above (as the case may be) within 10 Market Days from the date of the final ballot.

10.2 For applications using Electronic Application

- (i) The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful application within 2 Market Days after the balloting date. The application monies or the balance of it will be credited into your account with the Participating Financial Institution without interest within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting day.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by way of cheques by registered post or ordinary post. The cheques will be issued not later 10 Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Participating Financial Institution will arrange for a refund of the application money (or any part thereof) without interest within 10 Market Days from the date of the final ballot.

10.3 For applications using Internet Application

- (i) The Issuing House shall inform the Internet Participating Financial Institution of the unsuccessful or partially successful application within 2 Market Days after the balloting date. The Internet Participating Financial Institution will arrange with the Authorised Financial Institution to credit the application monies or the balance of it into your account without interest within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting day.

APPENDIX VII - PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by way of cheques by registered post or ordinary post. The cheques will be issued not later than 10 Market Days from the date of the final ballot. For applications that held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof) without interest within 10 Market Days from the date of the final ballot.

11 Successful Applicants

If you are successful in your application:

- (i) The Offer Units allocated to you will be credited into your CDS account. We will not be issuing any unit certificates to you.
- (ii) A notice of allotment will be despatched to you at the address last maintained with Bursa Depository where you have an existing CDS account at your own risk prior to the listing. This is your only acknowledgement of acceptance of the application.

12 Enquiries

You may contact the Issuing House if you have any queries on the White Application Form at 03 – 2693 2075. If you have any enquiry with regards to your Electronic Application, you may refer to the relevant Participating Financial Institution. If you have any enquiry with regards to your Internet Application, you may refer to the relevant Internet Participating Financial Institution and Authorised Financial Institution.

If you are applying for the Offer Units as a Malaysian public under the Public Offering, you may check the status of your application by logging into the Issuing House's website at www.mih.com.my, or by calling the Issuing House's Enquiry Services at 03 – 2693 2075 or your ADA at the telephone number as stated in Appendix VIII of this Prospectus between 5 to 10 Market Days (during office hours only) after the balloting date.

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APPENDIX VIII - LIST OF ADAS

A list of the ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR A.A. ANTHONY SECURITIES SDN BHD	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No. 03-6201 1155	078-004
AFFIN SECURITIES SDN BHD	3rd Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No. 03-2143 8668	028-001
AMSECURITIES SDN BHD	Bangunan AmBank Group 15th Floor, 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No. 03-2078 2788	086-001
AVENUE SECURITIES SDN BHD	Ground Floor & Level 1 THB Satu, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 1800	052-001
BIMB SECURITIES SDN BHD	1st & 2nd Floor Podium Block, Bangunan AMDB No. 1 Jalan Lumut 50400 Kuala Lumpur Tel No. 03-4043 3533	024-001
CIMB SECURITIES SDN BHD	9th Floor Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No. 03-2084 9999	065-001
ECM LIBRA SECURITIES SDN BHD	8A Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No. 03-2178 1888	099-001
EONCAP SECURITIES SDN BHD	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No. 03-2692 8899	061-001

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR (Cont'd) HLG SECURITIES SDN BHD	Level 5, Wisma Kia Peng No. 3, Jalan Kia Peng 50450 Kuala Lumpur	066-001
HWANG-DBS SECURITIES BERHAD	2nd Floor, Bangunan AHP No.2 Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No. 03-7710 6688	068-009
HWANG-DBS SECURITIES BERHAD	Nos 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/10C, Off Jalan Kaskas 5th Mile Cheras 56100 Kuala Lumpur Tel No. 03-9130 3399	068-012
HWANG-DBS SECURITIES BERHAD	Suite 7-03, 7th Floor Suite 12-02 & Part of Suite 12-01 12th Floor, Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No. 03-2711 2775	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No. 03-2117 1888	054-001
JUPITER SECURITIES SDN BHD	Lot 7th - 9th Floor Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No. 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	30th Floor The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2020 1600	053-001
K & N KENANGA BHD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No. 03-2164 9080	073-001
KUALA LUMPUR CITY SECURITIES SDN BHD	No.8, Jalan Binjai Off Jalan Ampang 50450 Kuala Lumpur Tel No. 03-2166 7922	076-001

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR (Cont'd) KUALA LUMPUR CITY SECURITIES SDN BHD	Ground, 1st & 2nd Floor No. 33, Plaza Crystaville Jalan 23/70A, Desa Sri Hartamas 50480 Kuala Lumpur Tel No. 03-6203 3366	076-010
M & A SECURITES SDN BHD	Level G-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No. 03-2282 1820	057-002
MAYBAN SECURITIES SDN BHD	Level 5-13 Mayban Life Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No. 03-2297 8888	098-001
MERCURY SECURITIES SDN BHD	Lot 6-05, Level 6, Tower Block Menara Millenium 8, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Tel No. 03-2094 2828	093-002
MIDF SISMA SECURITIES SDN BHD	17th & 18th Floor Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2166 8888	026-001
OSK SECURITIES BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No. 03-2162 4388	056-001
OSK SECURITIES BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No. 03-6257 5869	056-028
OSK SECURITIES BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No. 03-4280 4798	056-054
OSK SECURITIES BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No. 03-9058 7222	056-058

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR (Cont'd) PB SECURITIES SDN BHD	27th Floor, Bangunan Public Bank No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No. 03-2031 3011	051-001
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor, Menara PMI No. 2, Jalan Changkat Ceylon 50250 Kuala Lumpur Tel No. 03-2146 3000	064-001
RHB SECURITIES SDN BHD	Level 9, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No. 03-9285 2233	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13, 15-18, 20,23,28-30, 34 & 35 Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No. 03-2072 1277	058-003
SELANGOR DARUL EHSAN AFFIN SECURITIES SDN BHD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No. 03-3343 9999	028-002
AMSECURITIES SDN BHD	4 th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No. 03-77106613	086-003
HWANG-DBS SECURITIES BERHAD	16th, 18th-20th Floor Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No. 03-5513 3288	068-002
HWANG-DBS SECURITIES BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No. 03-5635 6688	068-010

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
SELANGOR DARUL EHSAN (Cont'd) JF APEX SECURITIES BERHAD	Menara Apex 6th Floor Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No. 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor, Menara Choy Fook On No.1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Tel No. 03-7620 1118	079-002
K&N KENANGA BHD	13th Floor Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Persiaran Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No. 03-7956 2169	073-005
K&N KENANGA BHD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No. 03-8024 1682	073-006
K&N KENANGA BHD	Room 7.02 Level 7 Menara ING Intan Millenium Square No. 68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No. 03-3005 7550	073-007
SBB SECURITIES SDN BHD	1st, 2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No. 03-7729 7345	090-002
OSK SECURITIES BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No. 03-7873 6366	056-011

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
SELANGOR DARUL EHSAN (Cont'd)		
OSK SECURITIES BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Tel No.: 03-8736 3378	056-045
OSK SECURITIES BERHAD	Ground & 1st Floor 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No. 03-6092 8916	056-047
OSK SECURITIES BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 1/2, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No. 03-3343 9180	056-048
PM SECURITIES SDN BHD	No 157 & 159 Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No. 03-8070 0773	064-003
PM SECURITIES SDN BHD	No 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No. 03-3341 5300	064-007
SJ SECURITIES SDN BHD	Level 3, Holiday Villa 9, Jalan SS 12/1, Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel No. 03-5634 0202	096-001
MELAKA		
MALACCA SECURITIES SDN BHD	No.1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park), Balai Panjang P.O Box. 248 75250 Melaka Tel No. 06-337 1533	012-001
MELAKA SECURITIES SDN BHD	No. 81B & 83B, Jalan Merdeka Taman Merdeka Raya 75000 Melaka Tel No. 06-2921 898	093-003
OSK SECURITIES BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No. 06-282 5211	056-003

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
MELAKA (Cont'd) PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM 2 Plaza Mahkota 75000 Melaka Tel No. 06-286 6008	064-006
RHB SECURITIES SDN BHD	Lot 9 & 10, 1st Floor Bangunan Tabung Haji Jalan Bandar Kaba 75000 Melaka Tel No. 06-283 3622	087-002
PULAU PINANG A.A. ANTHONY SECURITIES SDN BHD	1st Floor, Bangunan Heng-Guan 171, Jalan Burmah 10050 Pulau Pinang Tel No. 04-229 9318	078-002
A.A. ANTHONY SECURITIES SDN BHD	No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No. 04-5541 388	078-003
AVENUE SECURITIES SDN BHD	No.111, Jalan Macalister 10400 Pulau Pinang Tel No. 04-228 1868	052-003
CIMB SECURITIES SDN BHD	Suite 1.01, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No. 04-2911 833	065-003
ECM LIBRA SECURITIES SDN BHD	Menara PSCI 7th Floor 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No. 04-228 3355	099-002
HWANG-DBS SECURITIES BERHAD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No. 04-263 6996	068-001
HWANG-DBS SECURITIES BERHAD	Ground, 1st & 2nd Floor 1620 & 1621 Jalan Permatang Batu Taman Industri Permatang Batu 14000 Bukit Mertajam Pulau Pinang Tel No. 04-537 2882	068-006

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
PULAU PINANG (Cont'd) K & N KENANGA BHD	Lot 1.02, Level 1 Manara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No. 04-210 6666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Perai Pulau Pinang Tel No. 04-332 2123	093-001
OSK SECURITIES BERHAD	64 Bishop Street 20E, 20F & 20G Penang Street 10200 Pulau Pinang Tel No. 04-263 4222	056-004
OSK SECURITIES BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No. 04-390 0022	056-005
OSK SECURITIES BERHAD	Ground and Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No. 04-540 2888	056-015
OSK SECURITIES BERHAD	No. 834, Jalan Besar Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No. 04-583 1888	056-032
OSK SECURITIES BERHAD	Ground & 1st Floor, No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No. 04-640 4888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang Tel No. 04-227 3000	064-004

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
PULAU PINANG (Cont'd) THONG & KAY HIAN SECURITIES SDN BHD	Wisma Sri Pinang, Level 5 & 6 60, Green Hall 10200 Pulau Pinang Tel No. 04-263 5481	070-001
INTER PACIFIC SECURITIES SDN BHD	6th, 10th & 12th Floor Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel No. 04-262 6644	054-002
PERAK DARUL RIDZUAN AVENUE SECURITIES SDN BHD	No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No. 05-2422828	052-002
HWANG-DBS SECURITIES BERHAD	No. 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No. 05-806 0888	068-003
HWANG-DBS SECURITIES BERHAD	Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No. 05-255 9988	068-015
KUALA LUMPUR CITY SECURITIES SDN BHD	No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No. 05-691 0910	076-008
M & A SECURITIES SDN BHD	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No. 05-241 9800	057-001
MAYBAN SECURITIES SDN BHD	Persiaran Greenhill 55, 57 & 63 30450 Ipoh Perak Darul Ridzuan Tel No. 05-255 8233	098-002
OSK SECURITIES BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No. 05-241 5100	056-002

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
PERAK DARUL RIDZUAN (Cont'd) OSK SECURITIES BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Tekuk Intan Perak Darul Ridzuan Tel No. 05-623 6498	056-014
OSK SECURITIES BERHAD	1 st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No. 05-692 1228	056-016
OSK SECURITIES BERHAD	Ground Floor 28, Jalan Maharaja Taman Bagan Serai Baru 34300 Bagan Serai Perak Darul Ridzuan Tel No. 05-723 1888	056-018
OSK SECURITIES BERHAD	Ground Floor No. 40, 42 & 44, Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No. 05-808 8229	056-034
OSK SECURITIES BERHAD	No. 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No. 05-467 1801	056-044
OSK SECURITIES BERHAD	Ground & 1st Floor No. 181, Jalan Besar 31100 Sungai Siput Perak Darul Ridzuan Tel No. 05-595 1001	056-049
OSK SECURITIES BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No. 05-717 0888	056-052
SBB SECURITIES SDN BHD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No. 05-253 0888	090-001

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
PERAK DARUL RIDZUAN (Cont'd) TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel No. 05-253 1313	058-001
NEGERI SEMBILAN DARUL KHUSUS HWANG-DBS SECURITIES BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No. 06-761 2288	068-007
HWANG-DBS SECURITIES BERHAD	No.6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No. 06-455 3188	068-013
OSK SECURITIES BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No. 06-764 1641	056-024
OSK SECURITIES BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No. 06-442 1000	056-037
OSK SECURITIES BERHAD	1st & 2nd Floor No. 168 Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No. 06-455 3011	056-040
OSK SECURITIES BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No. 06-646 1234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No. 06-762 3131	064-002

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
JOHOR DARUL TAKZIM A.A. ANTHONY SECURITIES SDN BHD	Level 8, Menara Sarawak Enterprise No.5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No. 07-333 2000	078-001
A.A. ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel no. 07-6636 658	078-005
AMSECURITIES SDN BHD	2nd and 3rd Floor, Penggaram Complex 1 Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No. 07-434 2282	086-002
AVENUE SECURITIES SDN BHD	No.57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 2222	052-004
ENG SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No. 07-223 1211	081-001
HWANG-DBS SECURITIES BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No. 07-222 2692	068-004
K & N KENANGA BHD	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No. 07-333 3600	073-004
K & N KENANGA BHD	No.31, Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No. 06-954 2711	073-008
K & N KENANGA BHD	No.34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No. 07-933 3515	073-009

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
JOHOR DARUL TAKZIM (Cont'd) K & N KENANGA BHD	No.33 & 35, (Ground & 1st Floor A & B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No. 07-777 1161	073-010
K & N KENANGA BHD	No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No. 06-978 2292	073-011
KUALA LUMPUR CITY SECURITIES SDN BHD	No 46 & 48 Jalan Dato Kapten Ahmad 86000 Kluang Johor Darul Takzim Tel No.: 07-771 7922	076-006
OSK SECURITIES BERHAD	6 th Floor Wisma Tiong-Hua 8 Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No. 07-278 8821	056-006
OSK SECURITIES BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No. 07-438 0288	056-009
OSK SECURITIES BERHAD	Ground Floor & 1st Floor No. 19, Jalan Pesta 1-1 Taman Tun Dr. Ismail 1, Jalan Bakri 84000 Muat Johor Darul Takzim Tel No. 06-953 8262	056-025
OSK SECURITIES BERHAD	No.33-1 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No. 07-6868018	056-023
OSK SECURITIES BERHAD	Ground & 1st Floor 10, Jalan Bendahara 12 Taman Ungku Tun Aminah 81300 Skudai Johor Darul Takzim Tel No. 07-557 7628	056-029

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
JOHOR DARUL TAKZIM (Cont'd) OSK SECURITIES BERHAD	Ground, 1st & 2nd Floor No.10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No. 07-662 6288	056-035
OSK SECURITIES BERHAD	Ground & 1st Floor No. 1 & 1-01 Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No. 07-352 2293	056-043
OSK SECURITIES BERHAD	Ground Floor No. 7, Jalan Jaya 81900 Kota Tinggi Johor Darul Takzim Tel No. 07-882 2018	056-036
OSK SECURITIES BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No. 06-978 7180	056-038
OSK SECURITIES BERHAD	1st Floor, No. 2 & 4, Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No. 07-925 6881	056-039
OSK SECURITIES BERHAD	Ground & 1st Floor No.28, Jalan Tengku Ahmad 85000 Segamat Johor Darul Takzim Tel No. 07-932 1543	056-030
OSK SECURITIES BERHAD	Ground, 1st & 2nd Floor No.17, Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No. 07-776 9655	056-031
OSK SECURITIES BERHAD	240 & 240A, Jalan Besar 83700 Yong Peng Johor Darul Takzim Tel No. 07-467 5388	056-033

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
JOHOR DARUL TAKZIM (Cont'd) PM SECURITIES SDN BHD	Suite 5.1, Level 5 Menara Pelangi, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Tel No.: 07-278 1813	064-005
PM SECURITIES SDN BHD	Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No: 07-433 3608	064-008
PM SECURITIES SDN BHD	Ground Floor No. 118, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-933 3418	064-009
PAHANG DARUL MAKMUR KUALA LUMPUR CITY SECURITIES SDN BHD	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No. 09-566 0800	076-002
OSK SECURITIES BERHAD	A27 & A29 Lorong Tun Ismail 9 Seri Dagangan Kuantan Business Centre 25000 Kuantan Pahang Darul Makmur Tel No. 09-516 3811	056-007
OSK SECURITIES BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No. 09-223 4943	056-022
OSK SECURITIES BERHAD	Ground Floor, No. 76-A Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No. 05-491 4913	056-041
PERLIS INDRA KAYANGAN KUALA LUMPUR CITY SECURITIES SDN BHD	2nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indra Kayangan Tel No. 04-976 5200	076-003

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
KEDAH DARUL AMAN HWANG-DBS SECURITIES BERHAD	No.70 A, B, C Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No. 04-425 6666	068-011
KUALA LUMPUR CITY SECURITIES SDN BHD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Tel No. 04-731 7088	076-004
OSK SECURITIES BERHAD	Ground Floor, Swiss Inn Hotel No.1, Jalan Pahlawan 08000 Sungai Petani Kedah Darul Aman Tel No. 04-420 4888	056-017
OSK SECURITIES BERHAD	No.35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No. 04-496 4888	056-019
OSK SECURITIES BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No. 04-720 9888	056-021
TERENGGANU DARUL IMAN FA SECURITIES SDN BHD	No.51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No. 09-623 8128	021-001
KUALA LUMPUR CITY SECURITIES SDN BHD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine, 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No. 09-631 7922	076-009
OSK SECURITIES BERHAD	Ground Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Aman Tel No. 09-850 2730	056-027

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
TERENGGANU DARUL IMAN (Cont'd) OSK SECURITIES BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Aman Tel No. 09-626 1816	056-055
KELANTAN DARUL NAIM KUALA LUMPUR CITY SECURITIES SDN BHD	Lot 6 & 7, Section 25 Jalan Sultan Yahya Petra Bandar Kota Bharu 15200 Kota Bharu Kelantan Darul Naim Tel No. 09-743 2588	076-007
OSK SECURITIES BERHAD	Ground, 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No. 09-743 0077	056-020
TA SECURITIES HOLDINGS BERHAD	298 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No. 09-743 2288	058-004
SABAH HWANG-DBS SECURITIES BERHAD	Room Nos 106-109, Mezzanine Floor, Room Nos 207-212, 2nd Floor, Gaya Centre Jalan Tun Fuad Stephens 88400 Kota Kinabalu Sabah Tel No. 088-311 688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No. 088-234 090	020-001
KUALA LUMPUR CITY SECURITIES SDN BHD	Suite 1-9-E1 9th Floor CPS Tower No 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No. 088-253 922	076-005
OSK SECURITIES BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No. 088-269 788	056-010

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
SABAH (Cont'd)		
OSK SECURITIES BERHAD	Ground Floor Block 2, Lot 4 & Lot 5 Bandar Indah Mile 4, North Road 91000 Sandakan Sabah Tel No.: 089-222 275	056-057
OSK SECURITIES BERHAD	1st Floor, TB-3338 Wisma Jin Ho, Town Extension No. 2 Jalan St Patrick 91008 Tawau Sabah Tel No. 089-779 815	056-056
SARAWAK		
CIMB SECURITIES SDN BHD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No. 082-358 606	065-004
HWANG-DBS SECURITIES BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No. 082-236 999	068-005
HWANG-DBS SECURITIES BERHAD	192, Bintulu Parkcity Commerce Square Lot 3478, Bintulu Town District 97000 Bintulu, Sarawak Tel No. 086-330 008	068-016
K & N KENANGA BHD	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No. 082-338 000	073-003
K & N KENANGA BHD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No. 085-435 577	073-002
K & N KENANGA BHD	No. 11-12, Ground & 1st Floor Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No. 084-313 855	073-012

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
SARAWAK (Cont'd) OSK SECURITIES BERHAD	Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No. 082-422 252	056-008
OSK SECURITIES BERHAD	Lot 1168, Ground Floor Wisma Interhill Miri Waterfront Commercial Centre 98008 Miri, Sarawak Tel No. 085-422 788	056-012
OSK SECURITIES BERHAD	Ground Floor No. 10 Jalan Bersatu 96100 Sarikei Sarawak Tel No. 084-654 100	056-050
OSK SECURITIES BERHAD	Ground Floor No. 11, Lorong Maju 96500 Bintangor Sarawak Tel No. 084-693 100	056-051
OSK SECURITIES BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No. 084-329 100	056-013
OSK SECURITIES BERHAD	Ground Floor No. 177, Taman Sri Dagang 97000 Bintulu Sarawak Tel. No. 086-311 770	056-053
OSK SECURITIES BERHAD	No. 299, Ground & 1st Floor Lot 373, Jalan Serian-By-Pass Serian Town District 94700 Serian Sarawak Tel No. 082-872 118	056-059
OSK SECURITIES BERHAD	Ground & 1st Floor Lot 1085, Jalan Buangsiol 98700 Limbang Sarawak Tel No. 085-213 188	056-060

APPENDIX VIII - LIST OF ADAS (Cont'd)

Name	Address and Telephone Number	Broker Code
SARAWAK (Cont'd) TA SECURITIES HOLDINGS BERHAD	12 G, H & I, Jalan Kampung Datu 96000 Sibul Sarawak Tel No. 084-319 998	058-002

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