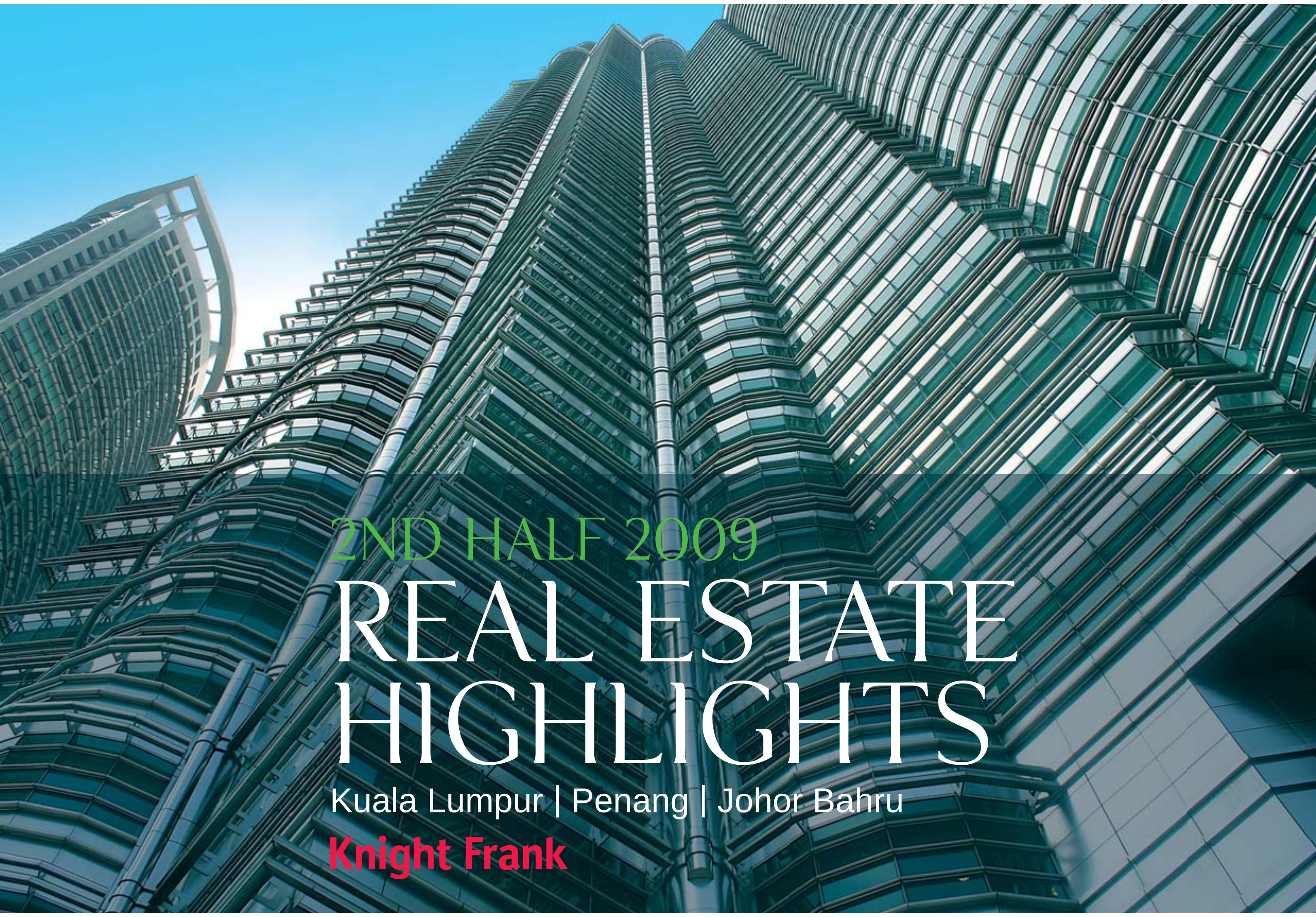
RESEARCH



2ND HALF 2009

REAL ESTATE HIGHLIGHTS

Kuala Lumpur | Penang | Johor Bahru

Knight Frank

HIGHLIGHTS

Kuala Lumpur

- Attractive home loan packages and various developers' incentives continued to spur high end residential market activities.
- The office market remained soft with rents facing downward pressure in anticipation of more new supply.
- Consumer spending was subdued; retail rents and occupancies were relatively flat.
- There was improvement in business sentiments for the hotel industry with positive growth in tourist arrivals.

Penang

- Despite some fears of a landed housing property bubble, there was increased activity in the residential sector with several new launches of both landed and flatted housing.
- The rents and occupancies of the commercial sector remained unchanged during the review period.

Johor

- No drastic falls in property prices in anticipation of a recovering economy.
- Positive outlook buoyed by the good progress of major infrastructure works in Iskandar Malaysia.

KUALA LUMPUR HIGH END CONDOMINIUM MARKET

Market Indications

Attractive home mortgage packages and various developers' incentives continued to spur market activities throughout the second half of the year. Successful projects which were soft-launched during the first half of the year provided the much needed impetus in an otherwise sombre market. The optimism continued in the second half of the year with developers now re-visiting their marketing plans to prepare for the launch of their deferred launches. The recent amendments made to the Real Property Gains Tax (RPGT) where the 5% tax would now only be imposed on properties sold within five years from the date of purchase effective January 2010 is seen as a move by the Government to curb speculative activities.

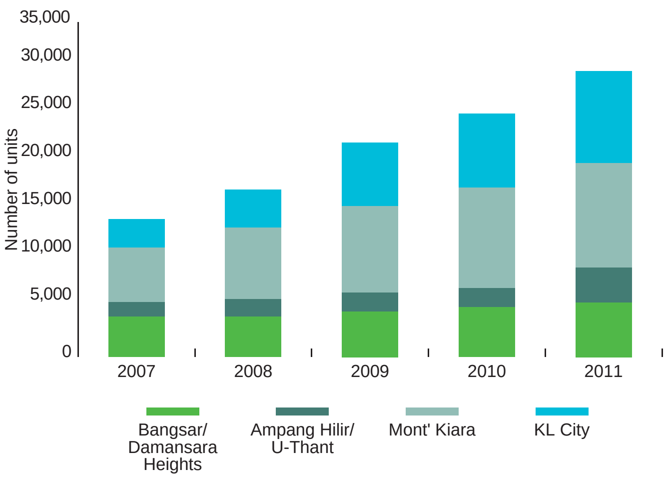
Supply & Demand

New supply in Kuala Lumpur totalled 2,640 units, bringing the cumulative existing supply of high end condominiums to 22,414 units. In KL City, we note the completions of My Habitat I, Fraser Place Residences, The Oval, U-Thant Residence and Iringan Hijau. In the suburbs such as Bangsar, Damansara Heights and Mont' Kiara, there were new completions of some 1,900 units from projects such as One Menerung, Zehn Bukit Pantai, Tiffany by I-Zen, 10 Mont' Kiara, Casa Kiara II and Ceriaan Kiara.

Figure 1

Projection of Cumulative Supply for High End Condominiums

2007 - 2011



Source: KF Research

New launches identified during the review period include Verticas Residensi, The Pearl @ KL city centre, Casa Residency, MK 28 and Brunsfield Embassyview whilst possible launches in the first half of 2010 are Fraser Residence KL, Four Seasons Place, Taman Sari Riverside Garden City, an unnamed project by UDA Holdings at Jalan Sultan Ismail, Madge Mansions and DNP U-Thant project.

KL City Fringe: Zehn Bukit Pantai

Prices & Rentals

The demand for high end condominiums improved in the second half of the year with more enquiries and transactions noted in the market. However, prices and rentals in general have remained largely stagnant amid a cautious outlook and concern on the impending high number of future supply in the short term. Additionally, external factors such as the mixed signals of an economic recovery, concerns on future employment prospects and expectations of higher interest rates, have checked an otherwise return of an upward growth cycle.

Table 1
Asking Prices and Rentals of Existing High End Condominiums

Locality	Asking Gross Rent (RM psf/month)	Asking Selling Price (RM psf)
KL City	3.00 - 5.50	650 - 1,600
Ampang Hilir/U-Thant	3.00 - 4.30	500 - 900
Damansara Heights	3.80 - 4.20	450 - 650
Kenny Hills	3.50 - 4.50	500 - 900
Bangsar	2.00 - 4.00	430 - 1,000
Mont' Kiara	2.20 - 3.20	400 - 620

Outlook

The review period saw a continuation of market improvements from the first half of the year with a few successful launches. In view of that, more developers are now preparing for their project launches in the next six months, in anticipation that the economic condition continues to improve into 2010. Prices and rents are anticipated to hold stable in the short term as supply and demand are hovering at equilibrium level.

KUALA LUMPUR OFFICE MARKET

Market Indications

The Kuala Lumpur office market remained soft with rents facing downward pressure amid dipping capital values, even for some prime office buildings. The sluggish office market saw landlords offering better terms to tenants due to increased competition from existing and new office supply. Notwithstanding that, there are noted to be more commercial activities in the oil & gas and financial sectors with some positive spill-over effects on the demand for office space. The review period also saw more developers embarking on green office buildings following Budget 2010 announcement on tax incentives to embrace green technology and by obtaining Green Building Index (GBI) from the GBI Accreditation Panel (GBIAP).

Supply & Demand

The cumulative supply of purpose built office space in KL City was recorded at 42.6 million sq ft by the end of second half 2009 whilst the cumulative supply at KL City Fringe stood at 13.5 million sq ft during the same period.

KL City: GTower

New buildings that were completed in the second half of 2009 include The Icon (535,000 sq ft), GTower (606,000 sq ft) and Lot 163 Office Suites (140,000 sq ft). Over at KL Sentral, Quill Building 7 (356,000 sq ft) was completed with another two office buildings, namely the headquarters of MIDA and CCM (Company Commission of Malaysia), in final stages of completion and will be ready for occupation in the first quarter of 2010.

Notable new projects announced during this second half include the proposed Naza Tower and an office tower within KL Sentral. The 50-storey Naza Tower with a net lettable area of 532,470 sq ft will be located within Platinum Park in the KLCC vicinity and slated for completion in 2013. Meanwhile, the office tower in KL Sentral is within the Nu Sentral project where MRCB is teaming up with Pelaburan Hartanah Bhd (PHBB) to build a 27-storey office tower atop of an approximately 700,000 sq ft shopping centre. The office tower will be a green building and has obtained pre-certification for the US-based Leadership in Energy and Environment Design (LEED) Silver. The trend of going green is in vogue with increasing social awareness and demand for green buildings as more MNCs and large corporations seek to relocate to green buildings to fulfill their Corporate Social Responsibility (CSR) and to enjoy the proposed tax incentives.

On the demand side, the market saw enquiries from new financial institutions which have recently been granted banking licences such as in the case of the Industrial and Commercial Bank of China Ltd (ICBC) whilst India's BIA Bank (joint-venture between Bank of Baroda, Indian Overseas Bank and Andhra Bank) and Barclays of the UK, Rabobank of The Netherlands, The Australian & New Zealand (ANZ) Banking Group are also rumoured to have obtained such licences.

Rentals & Capital Values

In general, office rentals in KL City were noted to have slightly dipped due to the patchy economic performances on both the local and global fronts. Overall, the average monthly rental for offices in KL City was analysed at RM5.30 per sq ft whilst KL City Fringe recorded an average rental of RM4.30 per sq ft. Prime offices, on the other hand, commanded monthly

Table 2
Selected Grade A Office Asking Rentals

Building Name	Asking Gross Rental (RM psf/month)
Menara Maxis	9.00
Menara Prudential	6.00
Menara IMC	8.50
Rohas Perkasa	7.50
Menara Citibank	7.00
Menara Standard Chartered	7.00
Menara Etiqa Twins	6.50
Kenanga International	6.50
Menara HLA	6.50
Menara Millennium	5.00

rentals of between RM6.00 per sq ft and RM9.00 per sq ft. In view of the incoming new supply presenting strong competition, landlords of some prime office buildings with tenancies expiring soon have now lowered their asking rents in addition to being more flexible in their tenancy offerings to maintain their competitiveness and current occupancies of their buildings.

The review period saw several office transactions. Hap Seng Consolidated Bhd acquired a 50% stake in Menara Citibank which was analysed at RM828 per sq ft whilst Glomac Bhd disposed of Tower D of Glomac Damansara to Lembaga Tabung Haji for RM170.73 million (RM670 per sq ft). Meanwhile, Amanah Harta Tanah PNB 2 sold two commercial buildings in the vicinity of Jalan Tuanku Abdul Rahman and Jalan Masjid India at RM15 million and RM12.055 million respectively, analysed at RM362 per sq ft (lettable space of 41,430 sq ft) and RM471 per sq ft (lettable space of 25,584 sq ft). Just before the year closed, Permodalan Nasional Bhd (PNB) was reported to have bought the Kenanga International Building on Jalan Sultan Ismail, Kuala Lumpur, for an estimated RM250 million; Prompt Symphony Sdn Bhd pulled out of the RM237 million deal to purchase the recently completed East Wing of The Icon, Jalan Tun Razak from Mah Sing Group Bhd. However on even date, a subsidiary of Mah Sing Group Bhd entered into a sale and purchase agreement with T.S Law Realty Sdn Bhd for the enbloc sale of the same (278,182 sq ft) including 301 units of car park bays for a total consideration of RM226.5 million.

Table 3

Office Investment Sales in 1H2009

Building Name	Location	Approx. Lettable Area (sq ft)	Consideration (RM)/ (RM psf)
Menara Citibank	Jalan Ampang	733,634	RM607,448,952 (828)*[1]
Glomac Business Centre Block B	Kelana Jaya	48,814	RM22,600,000 (463)
Bangunan Shell Malaysia	Damansara Heights	212,860	RM105,500,000 (496)[2]
Glomac Damansara Tower D	Damansara	254,825	RM170,734,760 (670)
Wisma Genting	Jalan Sultan Ismail	409,033	RM259,580,819 (635)[3]
Kenanga International	Jalan Sultan Ismail	367,511	RM250,000,000 (680)[4]
The Icon (East Wing)	Jalan Tun Razak	278,182	RM226,514,800 (814)[5]

Note: *This is based on the agreed property value of Menara Citibank which is fixed at RM607,448,952.

[1] Previous sale on August 2008 to IOI Corporation Bhd for RM733.6 million (RM1,000 per sq ft) was aborted

[2] Intercompany sale

[3] Intercompany sale

[4] Previous proposed sale on September 2008 to Tower REIT for RM277.5million (RM755 per sq ft) was aborted

[5] Previous sale on November 2007 where East Wing Icon Tun Razak (263,435 sq ft) was transacted to Prompt Symphony Sdn Bhd at RM237.09 million (RM900 per sq ft)

Cyberjaya: Shell Shared Service Centre

To the south of Klang Valley, Emkay Group via Joyful Gateway Sdn Bhd will build a 5-storey office in Cyberjaya which is poised to be the first building in Malaysia to be accredited with the internationally recognised Leadership in Energy and Environment Design (LEED) Gold certification. The building with a net lettable area of 323,000 sq ft will be leased to Shell Shared Service Centre (SSSC) and is scheduled for completion in 2011.

Knight Frank is the appointed exclusive tenant representative for Shell in negotiating and securing the lease.

Outlook

With the rental market expected to remain soft and more competitive in the coming 6 months, we expect to see more landlords offering attractive tenancy terms and incentives to maintain their current tenants with upcoming expiry terms as well as entice new tenants. Competition from new incoming supply is also expected to result in further easing of office rentals amidst slower take up rate in the next 6 months. However, the expansion activities in the oil & gas industry and the granting of new banking licences coupled with the liberalisation in the 27 services sub-sectors are anticipated to cushion the impact of the new supply.

KLANG VALLEY RETAIL MARKET

Market Indications

There was very little movement in the retail property market during the second half of the year. Although consumer sentiments have improved (Consumer Sentiments Index gained 16.5 points y-o-y), many consumers continued to be cautious of the economy's future direction. The 3Q2009 MIER CSI Survey indicated that consumers are now spending more prudently amidst concerns on future job hiring and inflationary pressures.

Supply & Demand

The cumulative existing supply stood at 33.5 million sq ft for the Klang Valley. New completions in the Klang Valley include Bangsar Shopping Centre (180,000 sq ft extension) and Sunway Giza (96,900 sq ft) which consists of a three-storey lifestyle shopping mall.

Notable future supply will come from KL Sentral following the recent announcement of MRCB teaming up with Pelaburan Hartanah Bhd (PHB) to build a seven-storey green mall known as 'Nu Sentral' together with a 27-storey green office building with an estimated gross development value of RM1.4 billion. Touted to be the first green retail mall in Malaysia, Nu Sentral will undergo Singapore's BCA Green Mark compliance and Malaysia's Green Building Index certification. The development is expected to be completed in 2012.

Two new retail malls will also take shape in Putrajaya. Mayland expects to start construction later this year on a mixed development in Precinct 3, Putrajaya which will offer an estimated net lettable area of 300,000 sq ft of office space and 40,000 sq ft of retail space. The project is targeted for completion in the second half of 2011. Meanwhile, IOI Properties Bhd is building a garden mall to be located within the IOI Resort in Putrajaya. The mall will have a total net lettable area of 1.3 million sq ft, with 5,000 parking bays and slated for completion in 2013.

Prices & Rentals

Rents at prime centres which include Suria KLCC, Mid Valley Megamall, Sunway Pyramid Shopping Mall and 1 Utama in Bandar Utama are expected to hold firm attributed by their high occupancy levels and visitor flows. During the review period, there was no en-bloc sales recorded for shopping centres. Nevertheless, Starhill REIT announced its proposed rationalisation exercise to reposition itself as a global hospitality REIT and would dispose its Starhill Gallery and The Lot 10 to Starhill Global REIT at sale considerations of RM629 million (RM2,115 per sq ft on 297,354 NLA) and RM401 million (RM1,561 per sq ft on 256,811 NLA) respectively.

Outlook

Whilst the second half saw subdued consumer spending levels, the first 6 months of 2010 will likely see more optimism with a 'general feel good' sentiment of the improving economy and employment prospects as well as festive spending for the coming Chinese New Year celebration. On the real estate front, old and new retail malls will face stiffer competition with the completion of several neighbourhood malls in the Klang Valley.

Sunway Pyramid

KUALA LUMPUR HOTEL MARKET

Market Indications

The second half of the year saw improvement in business sentiments for the hotel industry with tourist arrivals to the country recording positive growth. Malaysia recorded a total of 19.4 million tourist arrivals during the first ten months of 2009, indicating a sign of continuous growth of the tourism sector albeit the weak global economic performance and the impact of the H1N1 pandemic on the hospitality industry.

Supply & Demand

The current supply of 4-star and 5-star hotel rooms in KL City stand at 6,727 and 8,658 respectively, with the bulk of supply located within tourist belts of Jalan Sultan Ismail, Jalan Ampang, Jalan Bukit Bintang and the KLCC locality.

Although the overall average occupancy of 64% was poor, 4-star hotels were seen registering higher average occupancy (67%) than the average occupancy of 5-star (62%) during the review period. Some of the 4-star hotels which recorded high occupancies were Traders (KLCC), Corus (Jalan Ampang), Dorsett Regency (Jalan Imbi), and Boulevard (Mid Valley City).

Announcements of notable hotels undertaking refurbishment works include the 4-star Concorde Hotel Kuala Lumpur and the 5-star Carcosa Seri Negara. Concorde will undergo a RM40 million facelift over the next three years that has been planned into three phases whilst the 97-year heritage hotel Carcosa Seri Negara will be closed for upgrading beginning 1st January 2010. The 502-room Grand Dorsett Subang (formerly Sheraton Subang Hotel) was opened in October after a RM60 million-renovation and refurbishment exercise.

Proposed hotels include a boutique hotel within Nu Sentral on Lot G, KL Sentral; a 200-room Dorsett Regency business boutique hotel in Sri Hartamas; a 7-star Palace Residential Suite at the Mines Resort City with 430 exquisite suites and a possible business or 5-star hotel from the redevelopment of Bangunan MAS along Jalan Sultan Ismail.

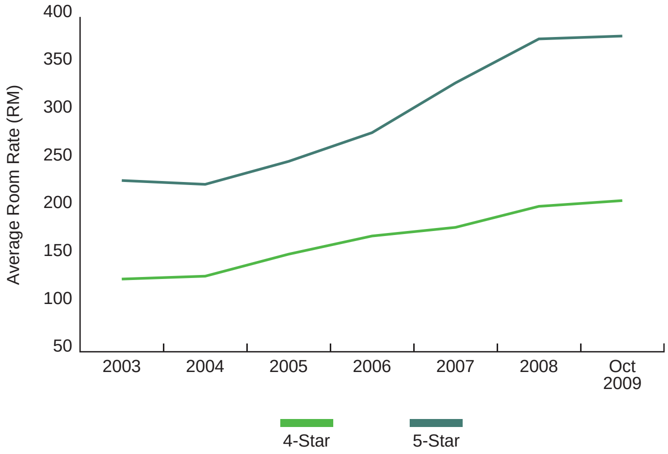
Average Room Rates & Capital Values

Although occupancy rates for 5-star hotels have dipped, their Average Room Rate (ARR) was noted to be higher than the level recorded in 2008. The ARR for 5-star hotels was recorded at RM380; 1.1% higher than RM376 recorded in the same period in 2008. Similarly, the ARR for 4-star hotels was recorded at RM208 up until October 2009; 3.5% higher than RM201 recorded in the corresponding period in 2008.

Figure 2

Average Room Rate of 4-Star & 5-Star Hotels in KL City

2003 - Oct 2009



Source: KF Research

Outlook

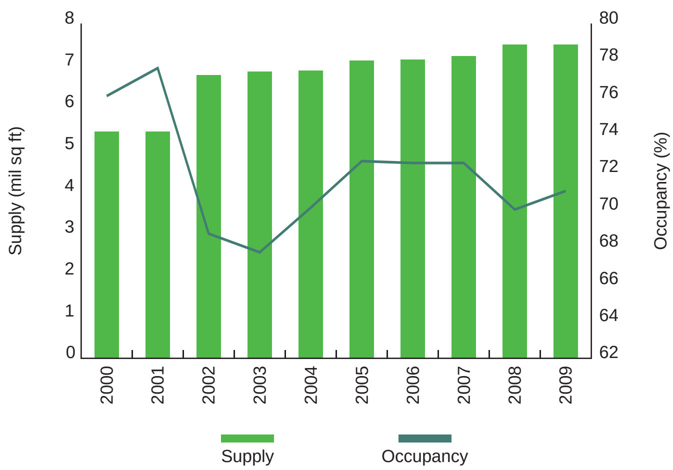
The hotel sector is gradually improving and is expected to continue to grow steadily into the first half of 2010 supported by the recent peak school holidays/festive seasons and healthy tourism arrivals. In addition, competitively-priced air fares and travel packages should be continued to attract higher number of tourist arrivals to this country and support the hotel sector.

PENANG PROPERTY MARKET

Market Indications

- 2H2009 saw the launching of several residential developments which received good response. These include the 32 units of 2½-storey seafront terraces within Bandar Seri Tanjung Pinang launched by the E & O Group in August 2009 where all units were sold out within a day. Prices range from RM1.038 million to RM2.9 million per unit.
- The Mah Sing Group also reported a good 85% sales rate for their Southbay project of 3-storey link houses currently selling at RM855,000. This compares favorably to the 2Q2009 price of RM805,000 and the soft launch price of RM755,000 in 1Q2008. This first phase of the 86-acre development within the Batu Maung locality is expected to be completed by early 2012.
- The Light Linear at The Light Water Front reclaimed site by IJM also received good response in August 2009, prompting IJM's announcement that they may increase prices for their next project, The Light Point, by 20% i.e. from RM500 per sq ft to RM600 per sq ft. IJM also announced plans to launch Maritime Square, a RM108 million sea-front mixed commercial development within Bandar Sri Pinang by end of 2009.
- 2H2009 marked the opening of the 150-room Hard Rock Hotel (formerly Casuarina Beach Hotel) located at Batu Ferringhi; the newly refurbished 280-room Flamingo Hotel (formerly Crown Prince Hotel) in Tanjung Bungah and the newly built 328-room Eastin Hotel developed by the CP Group, located next to Queensbay Mall in Bayan Bay.

Figure 3
Office Supply and Occupancy in Georgetown
2000 - 2009



Source: KF Research/Napic

Bandar Sri Pinang: Maritime Square

- B Braun Medical Industries Berhad announced a RM500 million investment over the next 2 to 3 years focusing on Research & Development. This is in addition to the RM300 million expansion investment announced in January last year.

High End Condominium

- There were fewer new launches of high-end condominiums in view of the cautious market sentiments, despite an improved job market.
- 2H2009 saw the launching of IJM's Light Linear in August. The two blocks of 17-storey condominiums with 328 units forming part of the first phase of The Light Water Front project recorded a good sales rate of 82%. The areas of the units range from 1,475 sq ft to 1,561 sq ft with an average selling price of RM500 per sq ft.
- The 32-storey Skyhome Residences and the two towers of The Inifinity by the Hunza Group, both within Tanjung Bungah, are scheduled to be completed by the end of 2009 and February 2010 respectively.
- YTL Corp Bhd, through JV company PDC Heritage Hotel Sdn Bhd, plans to build six blocks of high end condominiums and a 2-storey F & B outlet on a 1.4-hectare seafront site located adjacent to the 124-year old Eastern and Oriental Hotel along Lebuh Farquhar.


Tanjung Bungah: The Infinity

- Resale prices of completed projects and those nearing completion within the prime areas of Tanjung Bungah and Pulau Tikus generally remain at the same level as 1H2009 ranging from RM380 per sq ft to RM600 per sq ft.
- Asking monthly rentals of fully furnished units remained within the range of RM6,000 per unit to RM13,000 per unit.

Office

- The supply of office space remains unchanged at 1H2009 figure of 5.82 million sq ft as the anticipated completion of The CEO with a net lettable area of 250,000 sq ft will not come on as scheduled in December 2009.
- Rental rates were generally stable with the two most prime office buildings commanding average rentals of between RM2.20 per sq ft and RM2.70 per sq ft. Both buildings are still enjoying good occupancies, averaging at 94%.
- Asking rentals of newly completed office buildings with better IT facilities/MSC status remain unchanged at RM2.50 per sq ft to RM3.50 per sq ft.

Retail

- The supply of retail space within Penang Island remains the same as 1H2009 figure of 5.632 million sq ft.
- The anticipated new supply of 430,000 sq ft will only come on stream in 3Q2010 as construction of "1st Avenue" is still ongoing.
- The occupancy rates of prime shopping malls have generally remained stable since 1H2009 averaging at 90% but at secondary shopping malls, there is a slight drop with rates now hovering at 50% to 80%.
- There is no significant change in the rental rates of ground floor retail lots in both categories of shopping malls.

Table 4
Future Supply of Retail Space

Project	Location	Approx. Lettable Area (sq ft)	Expected Completion
*Penang Times Square Phase 2	Georgetown	229,000	2010
*1st Avenue	Georgetown	430,000	2010
**Gurney Paragon Mall	Georgetown	700,000	Scheduled 2012/2013
**Penang Times Square Phase 3	Georgetown	290,000	Scheduled 2015
** Tanjong Tourist Mall	Tanjong Tokong	300,000	To launch in 2011

* under construction ** planned

Outlook

Despite some improvement in market sentiments, the overall outlook remains mixed. The landed housing market is expected to continue doing well provided developers do not outprice their products. The condominium market, on the other hand is expected to be generally flat although certain launches in 2H2009 received robust take-ups. The commercial market, both office and retail, is anticipated to be lack lustre as whilst supply continues to increase, there is no substantial corresponding increase in rental demand.

JOHOR BAHRU PROPERTY MARKET

Market Indications

- Land reclamation is expected to commence in March 2010 at Lido Boulevard, an integrated waterfront development along Lido Beach by Central Malaysia Properties Sdn Bhd. The gross development cost is estimated at RM2.7 billion and the gross development value is targeted at RM4 billion. Located on a 49.37-hectare site, which stretches over 2.4 km along the Straits of Tebrau, the project comprises 914 condominium units, eight office blocks, a 296-room hotel-cum-serviced residences and three-storey dual-frontage retail complex. Incorporated in the mall will be an international-sized ice skating rink and a 32-lane bowling alley together with a 4,645 sq m Indoor Snow Park. The project is expected to take shape by 2016.
- Hua Yang Berhad acquired a parcel of 140.87-acre freehold land for RM35.149 million in August 2009, located approximately 1 km away from its existing development of Taman Pulai Indah. Hua Yang Bhd is planning a mid to high-end township project with a gross development value of RM350 million, which will consist of commercial units, terraced and semi-detached houses, cluster homes and bungalows.
- In September 2009, Simon's Chelsea Malaysia LLC signed a joint-venture agreement with Genting Group to develop the Johor Premium Outlets, a world class premium factory outlet, to be built in Bandar Indahpura, Kulai, Johor. The project is scheduled for completion by mid 2011.
- The development of Senai Hi-Tech Park (405 hectares) located at Senai Airport was given a boost with the allocation of RM300 million from the Federal Government for infrastructure works. The developer will pay for the balance of the amount required, estimated at RM215 million. This is the second high-tech park being developed in Malaysia, after Kulim Hi-Tech Park in Kedah. The targeted industries are the avionics/aeronautics, information and communication technology, pharmaceuticals, oil & gas, solar energy and motor vehicles.
- Pembinaan Mitrajaya Sdn Bhd has received a letter of award valued at RM63.6 million for the proposed construction of main building works of Newcastle University Medicine Malaysia at Educity in Iskandar Malaysia. Completion is scheduled by March 2011.
- Education@Iskandar Sdn Bhd, a subsidiary of Iskandar Investment Berhad, has signed an agreement with Marlborough College to set up the Marlborough College Malaysia in Educity, Nusajaya. The facilities are to be built on a site measuring 36.42 hectares. The college is expected to be operational by September 2012.
- The plan to build a new lifestyle mall is being finalised on a site adjacent to Legoland Malaysia theme park in Medini North. It will house a gross built-up area of 1 million sq ft and is targeted for completion by 2012, in time with the completion of the 26-hectare theme park at a cost of RM700 million.
- UEM Land Berhad entered into a Sale & Purchase Agreement to sell two parcels of land totaling approximately 1.68-hectare in Puteri Harbour, Nusajaya at RM26.7 million to Themed Attractions Resorts Sdn Bhd (TAR) in November 2009. TAR will develop the land into an indoor theme park with retail centre and a hotel within four years from the date of the agreement. The construction of the RM350 million indoor theme park is expected to start by mid 2010 with completion by December 2012. TAR has signed up with Shangri-La Hotels and Resorts to develop a 292-room Traders Hotel, slated to open in 2012.
- Pinewood Shepperton has teamed up with Khazanah Nasional Bhd to develop its second overseas films and television studios in Nusajaya. Pinewood is providing operational and marketing input as well as technical advice and rights to use its global brand for the new studio on an 80-acre site located adjacent to Medini. Khazanah Nasional Bhd is committed to invest RM400 million to build the region's biggest independently-owned studio facility. The Pinewood Iskandar Malaysia Studio (PIMS) is scheduled to open by early 2013 with pay-TV operator Astro already signed up as an anchor tenant.
- WCT Bhd has partnered Iskandar Investment Berhad to develop the 4.4-hectare 1Medini residential project in Medini Iskandar Malaysia. The RM600 million project which offers 1,332 condominium units and 68,800 sq ft of commercial space is scheduled to be completed by 2015.

Residential

- The following are new launches during the review period:
  - Ujana Executive Apartments by UEM Land Berhad. Located at East Ledang, Nusajaya, Ujana Executive Apartments is a 23-storey high single residential tower consisting of 168 units of executive suites and 4 units of penthouses. The units are priced from RM291,888 per unit (911 sq ft). The penthouses are going for RM872,888 per unit (2,480 sq ft).
  - Tranquility Park by UEM Land Berhad at East Ledang, Nusajaya. This project consists of 28 double-storey bungalows, priced from RM1,934,000 to RM2,358,000 per unit. The land areas range from 7,500 sq ft to 10,600 sq ft per plot, with the smallest built-up area at 3,699 sq ft.
  - Merbok Creek at Leisure Farm Resort, Gelang Patah, offers 19 premier class double-storey bungalows. The prices range from RM6.1 million to RM6.8 million per unit. The built-up areas start from 8,700 sq ft, on various land sizes from about 35,000 sq ft to 47,655 sq ft.
  - Nusa Duta by IJM Land Bhd. This development located near Taman Perling will offer about 1,000 units of medium to high-end residential properties on a 58-hectare site, to gross a development

value of approximately RM400 million. Phase 1 which comprises 191 units of double-storey link, clustered and semi-detached houses are being sold from RM381,600 to RM757,200 per unit.

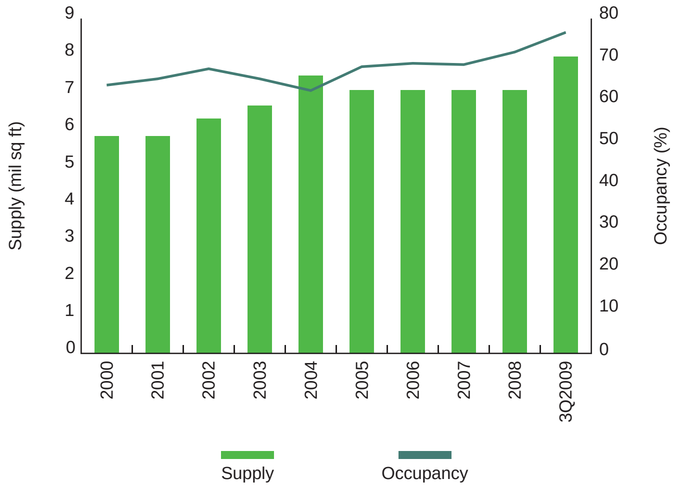
Office

- The total net lettable area of purpose-built office space in Johor Bahru is about 7.97 million sq ft. This is approximately 446,685 sq ft more than the supply in 2008. The overall average occupancy rate is in the region of 76.7%.
- Prime CBD office space is let at a gross rental range of RM2.00 to RM2.50 per sq ft per month. Other CBD office space commands a gross rental range of RM1.60 to RM2.00 per sq ft per month whilst offices at secondary locations gross below RM1.50 per sq ft per month.

Figure 4

Office Supply and Occupancy Trend in Johor Bahru

2000 - 3Q2009



Source: KF Research

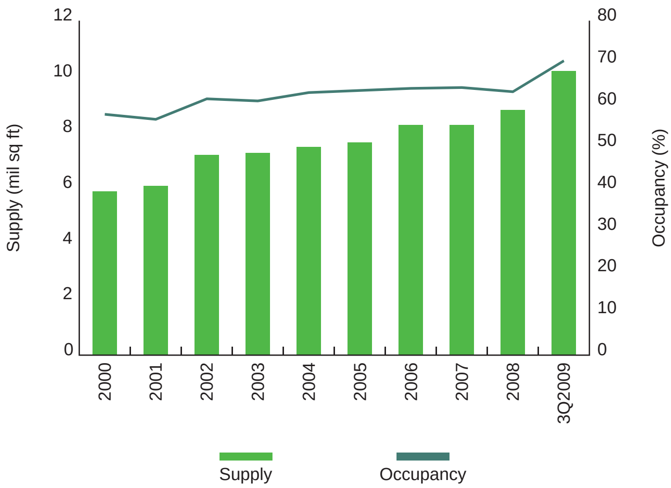
Retail

- The total net lettable area of retail space (shopping centres, arcades and hypermarkets) in Johor Bahru is estimated at 10.19 million sq ft. The overall average occupancy rates for shopping centres, arcades and hypermarkets are at 60.6%, 91.9% and 97.8% respectively. Prime centres have all recorded occupancy rates in excess of 80%. Prime gross rents range from RM15 to RM40 per sq ft per month.
- Proposed developments under construction:
  - Tesco at Bukit Indah with a total retail space of about 267,900 sq ft, will be operational by March 2010.
  - KSL City at Taman Century with an estimated floor area of about 602,100 sq ft.
- Proposed developments:
  - A lifestyle mall located at the western development zone of Medini North, Nusajaya with a gross retail space of 1 million sq ft which is expected to be completed by 2012.
  - Today's Mall at Ulu Tiram with a gross floor area of approximately 800,000 sq ft.
  - Econsave at Desa Cemerlang with a gross retail space of 91,560 sq ft.

Figure 5

Retail Supply and Occupancy Trends in Johor Bahru

2000 - 3Q2009



Source: KF Research

Outlook

The overall performance of the property market in Johor Bahru for 2009 was within expectations, in that even with the deterioration of the economy, the fall in prices, were not drastic. With encouraging prospects on the recovery of both the national and regional economies, the outlook for the property market is positive. Current major investments by the government on infrastructure and building works (RM2 billion to be awarded in 2010) to support Iskandar Malaysia are on target for completion by 2012. Attractive proposals such as the lower income tax rate for knowledge workers in Iskandar Malaysia will boost its status. The property market is thus well-positioned to capitalise on these constructive developments.

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