

MALAYSIAN HOTEL MARKET

OCTOBER 2021 UPDATE

Greener pastures likely lie ahead for Malaysia's economy after a hard 9 months. For months, Malaysia has had one of Asia's highest rate of per-capita vaccinations and by month end, over 80% of the adult population had been fully vaccinated. We believe that the high vaccination rate will result in a sustainable opening and that the government will not have to re-impose restrictions in response to a future wave given that hospitalisations and deaths will likely reduce to a low level as seen from data in Europe. The Malaysian government has already started to place less emphasis on the Covid-19 case numbers and instead has been focused on hospitalisations, ICU capacity, and vaccination rates. Interstate travel restrictions are expected to gradually be lifted given that the R-O is below 1, vaccinations remain strong and Covid-19 cases are on the decline.

Economic Update

As widely expected, Bank Negara Malaysia (BNM) left its policy rate unchanged at 1.75% on the 9 September, reiterating that its monetary stance is still "appropriate and accommodative". BNM assessed that the lockdowns have dampened growth momentum, but they also said that fiscal measures and the rapid vaccine rollout are cushioning the impact. Headline CPI inflation eased to 2% YoY in August from 2.2% in July, against expectations of no change.

Export growth in August was sharply higher-than-expected at 18.4% YoY after

dropping sharply to 5.0% in July from 27.2% in June (Consensus: 14.6%). The export growth was largely driven by electronics. In contrast, imports fell significantly to 12.5% YoY from 23.9% in July, despite the gradual re-opening. The drop was led by imports from China, likely reflecting supply chain issues and port closures. As a result, the goods trade surplus widened to RM21.4 billion from RM13.8 billion.

International Travel Perspective

It has been very positive to see that Langkawi opened for domestic, fully vaccinated tourists on the 16 September. All the major airlines flying to the island, reported strong passenger numbers, with the 5 star hotels and resorts reporting occupancy of between 80-100%.

Effective on 21 September, local or foreign travellers entering Malaysia now have the option to apply for home quarantine.

Further easing of travel restrictions continued with Klang Valley and Malacca entering Phase 3 and Kedah moving to Phase 2 of the National Recovery Plan beginning 1 October.

Internationally, the UK government announced on the 17 September that it is simplifying its controversial traffic light travel rules and removing mandatory Covid-19 tests for vaccinated travelers returning to England from countries on its safe list. As of 4 October, the current

As of 4 October, the current red-amber-green country lists that govern arrivals into England would cease to exist. In their place will be a "simpler" red list of no-go destinations. It is expected that the expensive day 2 PCR tests will be replaced with a cheaper lateral flow test later in October.

Hotel News

Pan Pacific Hotel Group announced the addition of 13 new properties set to launch by 2024 across 10 key gateway cities such as Kuala Lumpur, Jakarta, Dalian, Hanoi, Phnom Penh and Siem Reap. Pipeline within Malaysia includes Parkroyal Collection Kuala Lumpur, Parkroyal Langkawi Resort and Parkroyal A'Famosa Melaka Resort.

Vaccine Progress

The number of daily cases in Malaysia dropped significantly on 27 September (10,959 cases) in comparison to 1 September (20,988 cases). As at 29 September, 61.5% of the total population has been fully vaccinated.

A mass Covid-19 vaccination drive targeting 12 - 17 year olds started on 9 September and it is estimated that 60% of this age category will receive at least 1 dose by November.

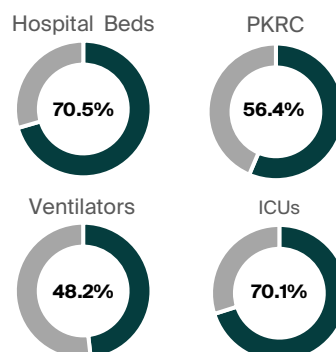
TABLE: Malaysia Vaccine Progress

	29 August	29 September
Total number of people registered for the vaccine	21.3 million	21.8 million
Total number of doses given	34.1 million	43.3 million
7-day moving average	379,634	297,439
At least 1 dose	59.3%	71.5%
% Fully vaccinated	44.9%	61.5%

Note: The target number of people for vaccination is 26.2 million

Sources: JKJAV, covidnow.moh.gov.my, ourworldindata.org, covidvax.live

CHART: Malaysia Healthcare Utilisation



Note: PKRC - Covid-19 Quarantine and Treatment Centre
Source: covidnow.moh.gov.my (as at 29 September 2021)

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Hotels Available for Sale via Knight Frank



Hilton Garden Inn Kuala Lumpur

Tenure: Freehold
No. of Rooms: 532 keys



Former Holiday Inn Resort Penang

Tenure: Freehold
No. of Rooms: 361 keys



Loop on Leith, Georgetown

Tenure: Freehold
No. of Rooms: 140 keys



Sheraton Imperial Kuala Lumpur

Tenure: Freehold
No. of Rooms: 398 keys



Confidential 5-star Resort, Pahang

Tenure: Leasehold
No. of Rooms: 305 keys



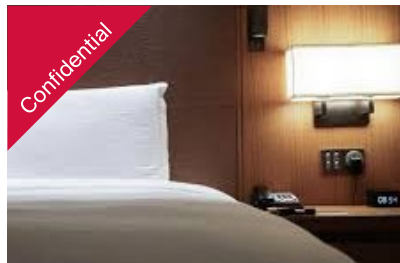
Confidential, Kuala Lumpur

Tenure: Freehold
No. of Rooms: 210 keys



Confidential 5-star Hotel, Penang

Tenure: Freehold
No. of Rooms: 316 keys



Award Winning Lifestyle Hotel, Melaka

Tenure: Freehold
No. of Rooms: 60 keys



Confidential, Kuala Lumpur

Tenure: Freehold
No. of Rooms: 103 keys



Confidential, Kuala Lumpur

Tenure: Freehold
No. of Rooms: 253 keys

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