PROPERTY MARKET OVERVIEW 2009

1.0 Klang Valley

1.1 PURPOSE BUILT OFFICES

1.1.1 Market Overview

Prior to the deepening of the global financial crisis, the tight supply of Grade A office space and buoyant, broad-based demand across a wide range of sectors including Islamic finance, the oil and gas industry, agribusiness and commodities had caused a gradual increase in office rentals which persisted over a number of years. As was the case in virtually all other major cities around the region, the Klang Valley was hit by the global economic downturn throughout most of 2009 as falling demand amid corporate consolidation and downsizing pushed down rental and occupancy rates. Office rentals in the Klang Valley peaked at the end of the fourth quarter of 2008 and softened moderately thereafter by about 15% as of the fourth quarter of 2009.

The Klang Valley office market remained relatively resilient throughout 2009 and there was a noticeable improvement in sentiment in the second half of the year as the economic outlook improved. Rentals began to level out in the fourth quarter and leasing activity gradually began to pick up. With the addition of 7.69 million sf of new supply from the 27 office buildings completed in 2009, vacancy rates rose to 13.8% by year end. Many tenants have remained on the sidelines waiting for signs of stability in the global economy before embarking on any major moves.

This trend of stepped up rate of office development is set to continue for the next three years with a further 4.0 million sf, 2.8 million sf and 4.2 million sf set to be added to supply by the end of 2010, 2011 and 2012 respectively. Whilst the new supply of office space over the next three years is not regarded as excessive, it should ensure that a tenants' market will continue to prevail in 2010.

On the investment front, the Klang Valley office market witnessed a noticeable increase in activity towards the end of 2009, fuelled by the stock market rally and improved economic growth. The majority of investment transactions have involved local investors with foreign buyers remaining hesitant.

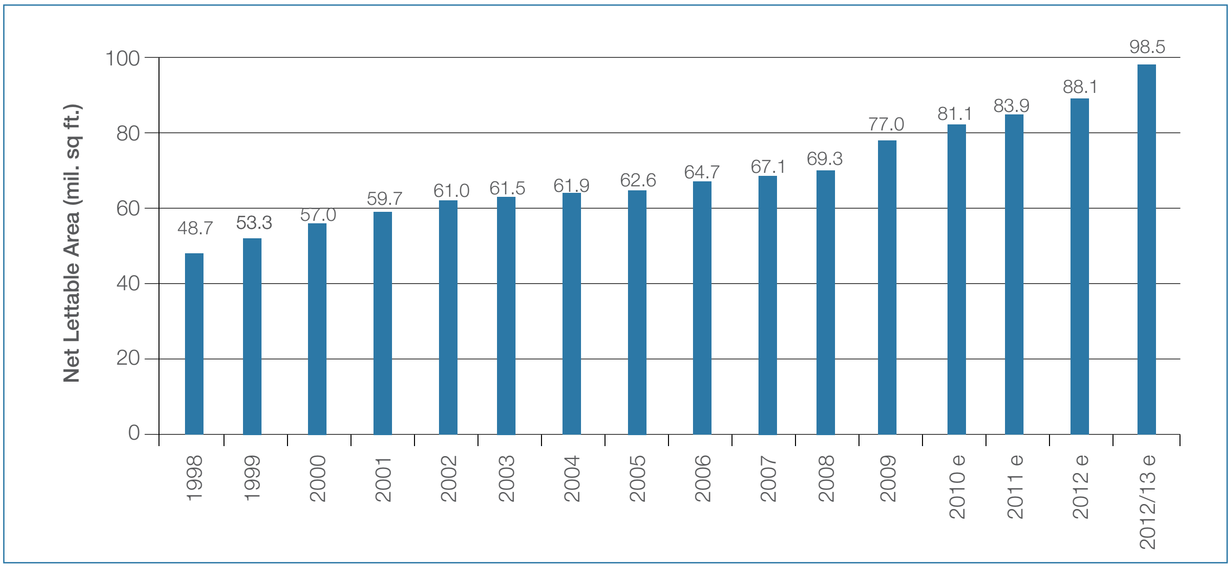
By the end of the fourth quarter of 2009 the average transaction price of office properties in Kuala Lumpur had decreased by around 14.3% from RM950 psf to RM814 psf y-o-y, but the fall has not been as severe as that witnessed in other markets around Southeast Asia. Despite weakening rentals and slightly higher yield expectations, office capital values in Kuala Lumpur are expected to remain steady throughout 2010 and generally range between RM800 to RM1,200 psf.

1.1.2 Existing Supply

Twenty seven (27) office buildings were completed during 2009 contributing a total of 7.69 million sf of office space to the Klang Valley office market. Of the total supply, 62% (4.74 million sf) is located in Kuala Lumpur, whilst suburban Selangor areas made up the remaining 38% (2.95 million sf).

With the addition of the new office space in the review period, the cumulative supply of office space in Klang Valley stood at 77.03 million sf as at December 2009, of which 61.71 million sf (80%) and 15.32 million sf (20%) office space were located in Kuala Lumpur and Selangor, respectively.

Cumulative Supply of Office Space in the Klang Valley



Source: CBRE Research

1.1.3 Future Supply

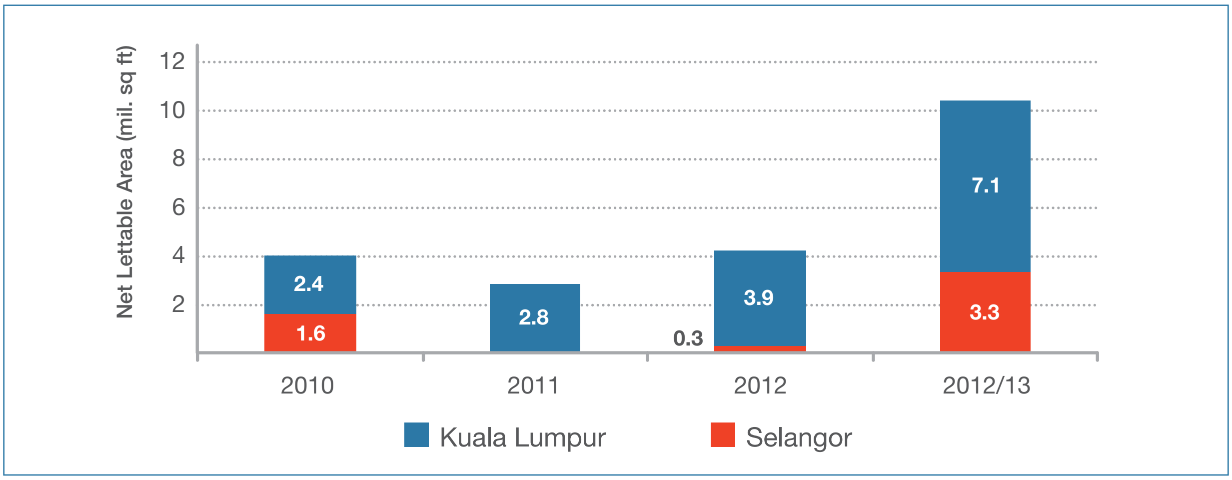
There were a total of 29 office building developments under construction as at December 2009 which will add another 11.07 million sf of space to the Klang Valley by year 2012. By year 2010, an estimated 4.03 million sf of office space will complete in the Klang Valley, of which 60% (2.40 million sf) will be located in Kuala Lumpur, and the remaining 40% (1.63 million sf) in the suburban area.

In year 2010, a total of 2.4 million sf of new supply will be located in the KL which includes Menara Waqaf, HSBC New Annex Office Tower, BRDB Tower, CapSquare Office Tower 2, Menara Worldwide, Menara Kencana and One Mont' Kiara.

New supply in the suburban areas in year 2010 will be concentrated in Subang Jaya (748,861 sf) and includes Oasis Ara Damansara, First Subang and The Empire Tower. In Petaling Jaya, PJ Exchange and V Square @ PJ City Centre will contribute a total of 670,000 sf, followed by Menara Mudajaya and Sunsuria Avenue in Mutiara Damansara/Kota Damansara area (207,643 sf).

Office building developments which were still at planning stage as at December 2009 would bring another 10.42 million sf by year 2012/2013 if the developers proceeded to start construction in the next two years.

Future Supply of Office Space in the Klang Valley



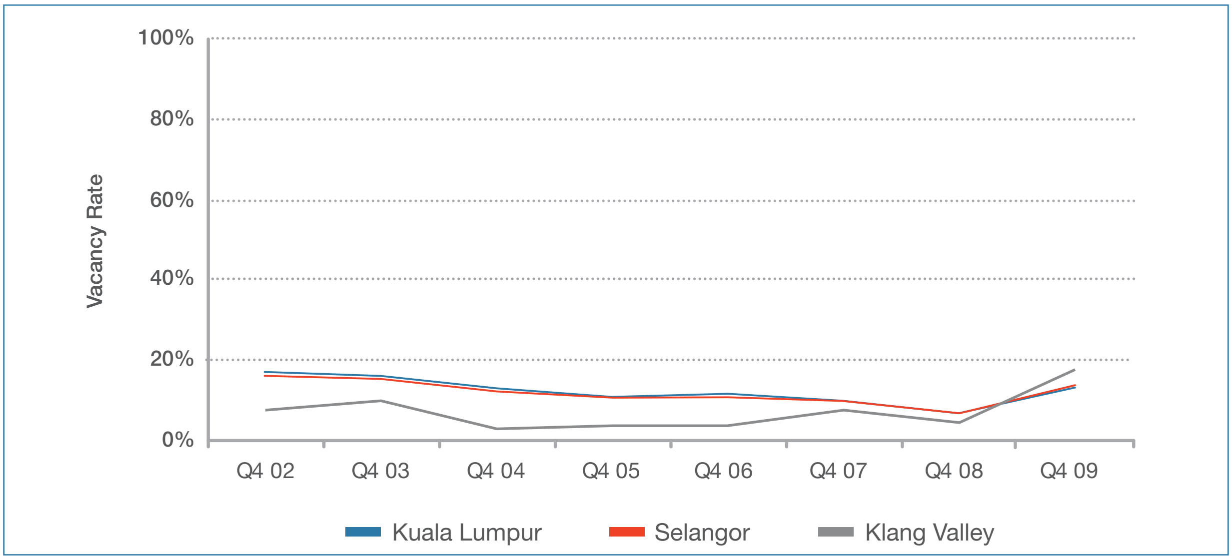
Note: Year 2012/13 indicates projects at planning stage

Source: CBRE Research

1.1.4 Average Vacancy Rates

The new supply of office space introduced in 2009 exhibited relatively good take up in spite of the economic downturn. Nevertheless, average vacancy rates in the Klang Valley rose to 13.8% in Q4 2009 from 6.8% for the same period in 2008.

Vacancy Rates of High Grade Office Space in Klang Valley



Source: CBRE Research

1.1.5 Average Asking Rental Rates

Average asking rentals in the prime office buildings in Kuala Lumpur range from RM5.00 - 12.00 psf. In the KL Sentral area, asking gross rents in existing buildings dropped to RM5.50 psf, compared with a peak of RM7.00 psf in 2008, pointing to a moderate correction in rentals for this district as general demand for new space from the private sector declined. Nevertheless, we have recently seen in July 2009, Shell Malaysia enter into a pre-let lease agreement for its new corporate office in 348 Sentral, located within an upcoming LEED certifiable mixed development slated for completion in 2012. The gross rental was reportedly at RM8.00 psf on 340,000 sf of office space for a lease period of 15 years.

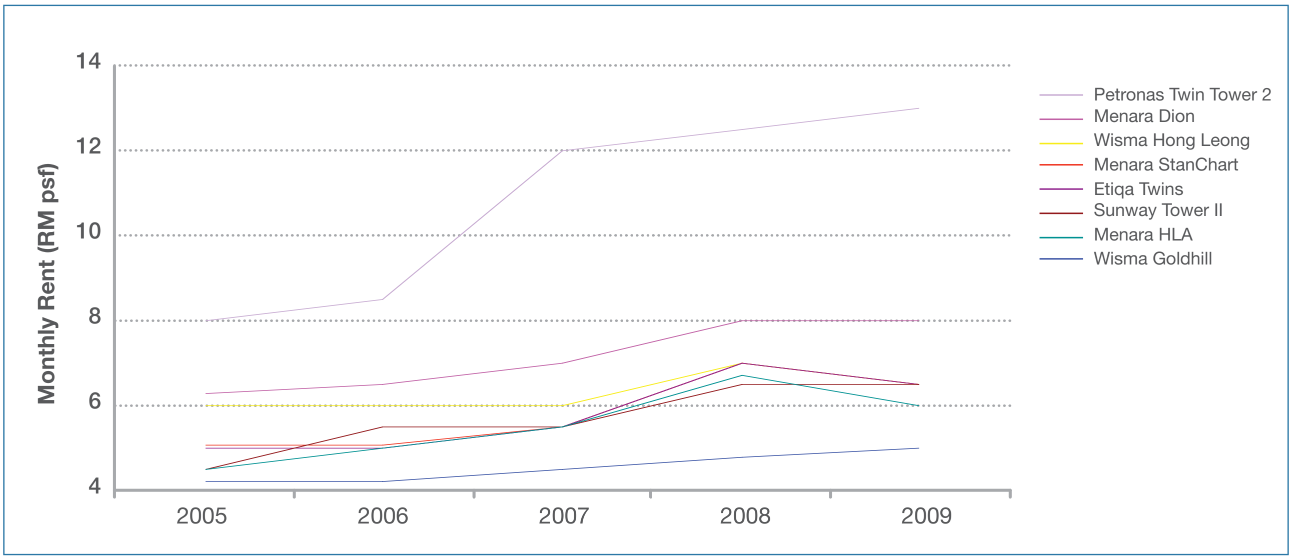
In Petaling Jaya, high grade office buildings are generally averaging between RM3.00 - 4.50 psf. Higher rents of up to RM6.50 psf are achievable for ground floor space, small spaces in high grade buildings or in the instances where specific features such as MSC status are in place.

Average Monthly Asking Rentals of Selected High Grade Office Buildings in Kuala Lumpur (RM psf)

Office Building	2005	2006	2007	2008	2009	2008 vs 2009
Petronas Twin Tower 2	8.00	8.50	12.00	12.50	13.00	+0.50
Menara Maxis	6.90	7.00	7.50	9.00	9.00	-
Menara IMC	6.00	7.00	7.00	7.75	8.50	+0.75
Menara Dion	6.30	6.50	7.00	8.00	8.00	-
Rohas Perkasa	5.50	5.50	5.50	7.50	7.50	-
Wisma Hong Leong	6.00	6.00	6.00	7.00	6.50	-0.50
Menara StanChart	5.10	5.10	5.50	7.00	6.50	-0.50
Etiqa Twins	5.00	5.00	5.50	7.00	6.50	-0.50
Sunway Tower II (formerly Wisma Denmark)	4.50	5.50	5.50	6.50	6.50	-
Menara HLA	4.50	5.00	5.50	6.75	6.00	-0.75
Wisma Goldhill	4.20	4.20	4.50	4.80	5.00	+0.20

Source: CBRE Research

Asking Rents for Prime Office Buildings in Kuala Lumpur



Source: CBRE Research

1.1.6 Major Transactions

The Malaysian real estate investment market ended 2009 on a strong note with a surge in activity in the final two months of the year. Throughout the year there were a total of 13 major transactions of office buildings in the Klang Valley with a total transaction value of RM1.789 billion. Also significant was the sale and leaseback of the CIMB group's branches and offices nationwide to the Employee's Provident Fund for a total consideration of RM302.45 million.

By year end, a number of local and overseas funds had re-entered the market and we foresee continued strong interest in acquiring high quality office assets.

Major Transactions of Purpose Built Office Buildings in Klang Valley in 2009

Buildings	Location	NLA (sf)	Consideration RM mil	Consideration RM (sf)	Estimated Gross Yield
Kuala Lumpur					
Menara Citibank (50% equity)[1]	Jln Ampang	731,945	303.50	828	6.3%
Corporate Office Tower at Southgate[2]	Jln Sungei Besi	-	226.00	-	
Darul Takaful	Jln Sultan Ismail	99,021	63.00	636	7.4%
Glomac Damansara - Tower D[3]	Jln Damansara	254,000	170.73	672	
The Icon - East Wing at Jln Tun Razak	Jln Tun Razak	278,182	226.51	814	7.0%
Apex Tower at Southgate[2]	Sungai Besi	90,126	63.09	700	
Bangunan Shell Malaysia	Damansara Heights	212,860	105.00	493	7.8%
Wisma Genting (100% equity)[4]	Jln Sultan Ismail	409,033	277.00	677	7.4%
Kenanga International	Jln Sultan Ismail	-	250.00	-	-
Selangor					
Wisma Glomac 3 - Block C (together with 3 office units in Block A) at Kompleks Kelana Centrepoint	Kelana Jaya	-	50.00	-	-
Wisma Dijaya	Jln Damansara	-	26.00	-	-
Glomac Business Centre - Block B	Kelana Jaya	-	22.60	-	-
MTD Building[5]	Batu Caves	132,731	70.00	527	6.9%

Note:

1 *Menara Citibank: Purchase price of RM243.5 million is based on 50% of the NAV of Inverfin which is the owning company of Menara Citibank.*

2 *Combined office and retail space - under construction.*

3 *Under construction*

4 *Wisma Genting: Purchase price of RM212,709,548 is based on 100% of the NAV of Oakwood which is the owning company of Wisma Genting.*

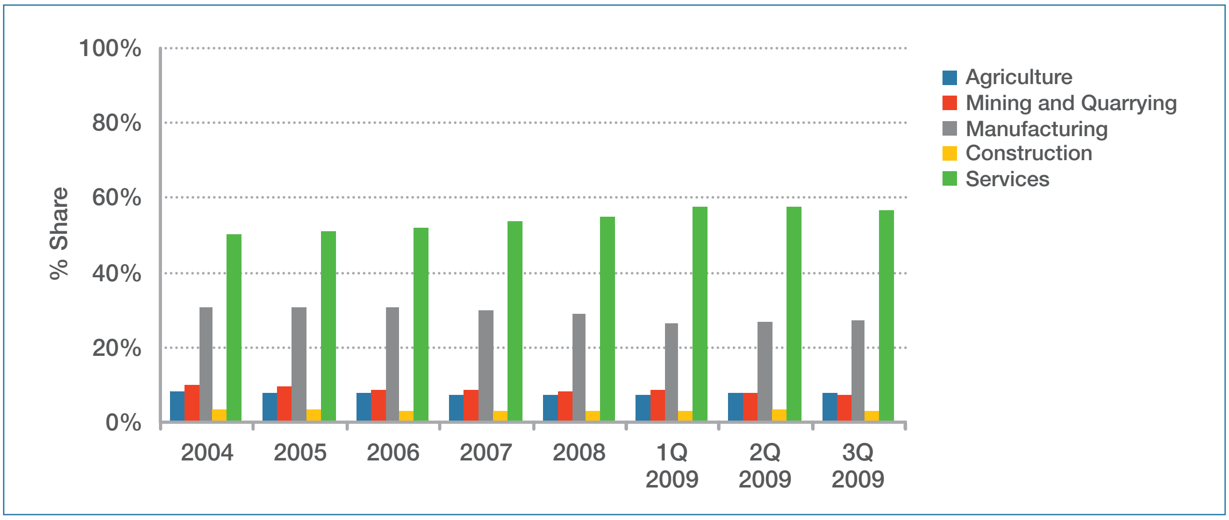
5 *MTD Building: Sale includes surplus land measuring 0.9 acres.*

Source: Bursa Malaysia & CBRE Research

1.2 INDUSTRIAL PROPERTY

1.2.1 Overview of the Industrial Sector in the Malaysian Economy

Malaysia GDP By Sector (% Share)



Source: Department of Statistics

After an uncertain start to the year, the second half of 2009 began to show signs of improvement in the economy. Bank Negara Malaysia (BNM) announced that the economy contracted by a smaller rate of 1.2% in Q3, helped by further growth in the construction and service sectors, and by higher household and government consumption. This represents the second consecutive quarter in 2009 with positive GDP signaling a turnaround in the economy. The manufacturing sector which is the second largest contributor to GDP also contracted by a smaller rate of 8.6% in Q3 2009, an improvement from the preceding quarters.

Similarly, the Industrial Production Index (IPI) in the 4th Quarter of 2009 grew by 2.9% against the same quarter in 2008, after 3 quarters of contractions, contributed by the increase in Manufacturing and Electricity outputs in the month of December. Overall, the IPI declined to 99.8 in 2009 from 108.0 in 2008.

According to the Department of Statistics Malaysia, Malaysia's total trade for the year 2009 was valued at RM988.2 billion. Total exports and imports in 2009 reduced by RM553.3 billion and RM434.9 billion respectively, compared with 2008.

1.2.2 Existing Supply of Industrial Property

In the first three quarters of 2009, the existing supply of industrial properties increased by 15 and 674 units in Kuala Lumpur and Selangor respectively. The existing industrial properties are predominantly terraced factories contributing 74.8% of the combined total supply in both states.

Supply of Industrial Properties in Klang Valley (number of units)

State	Type of Property	Existing Supply					Future Supply	
		2005	2006	2007	2008	3Q 09	Incoming Supply	Planned
Kuala Lumpur	Terraced	2,975	2,975	2,975	2,975	2,975	14	111
	Semi-Detached	457	457	457	457	471	16	0
	Detached	553	553	553	553	554	0	41
	Flatted Factory	1,116	1,116	1,116	1,116	1,116	0	0
	Industrial Complex	14	14	14	14	14	0	1
	Total	**5,115**	**5,115**	**5,115**	**5,115**	**5,130**	**30**	**153**
Selangor	Terraced	24,978	25,049	25,599	25,737	26,310	1,700	1,022
	Semi-Detached	3,133	3,141	3,227	3,265	3,305	288	175
	Detached	3,502	3,514	3,956	3,993	4,051	66	712
	Flatted Factory	270	270	270	270	270	0	7
	Industrial Complex	94	94	102	102	105	0	18
	Total	**31,977**	**32,068**	**33,154**	**33,367**	**34,041**	**2,054**	**1,934**

Source: JPPH, Ministry of Finance

1.2.3 Future Supply

The future supply of industrial properties in the Klang Valley is largely in Selangor, with terraced factories making up the bulk of supply. A total of 2,054 units are currently under construction in Selangor and another 1,934 units have been approved but have yet to commence construction. Kuala Lumpur, by contrast, has limited future supply with only 30 industrial units currently under construction and 153 planned units.

1.2.4 Rental

Generally, rentals of good quality industrial premises in the Klang Valley have remained stable throughout 2009. Demand has largely been for logistics/warehousing facilities in specific areas in Klang Valley.

Asking monthly rentals for detached factories / warehouses in the Klang Valley currently range between RM0.45 - 2.00 psf, while rents for industrial premises used as showrooms can be as high as RM2.50 psf.

2.0 Johor

2.1 GENERAL OVERVIEW

The Johor property market over the last 12 months has been relatively resilient. In spite of the slowdown in the economy, there was tangible interest in property development in Johor as evidenced by the acquisition of land for future commercial and residential developments by developers and continuing investments in Iskandar Malaysia.

The state government's active role in promoting Iskandar Malaysia will pave the way for more foreign investment and growth in Johor.

2.2 PURPOSE BUILT OFFICES

As at 3Q 2009, JPPH data reports that the district of Johor Bahru has about 7.97 million sf of purpose built office space within a total of 12 buildings. Future supply is expected from 11 buildings (1.54 million sf) under various stages of construction and 18 buildings (6.31 million sf) which have been approved but have yet to commence construction (Source: JPPH, Ministry of Finance). Four new office buildings were completed in the Johor Bahru district in 2009 namely Metro Larkin, Kompleks Islam, Bangunan Mahkamah Syariah and Majlis Daerah Kulai Jaya. Currently there are no further buildings under construction in the city centre; any further supply in the immediate future will be in the suburbs.

Due to the stagnant supply in the market over the last few years, occupancy and rental rates rose gradually from previous years' levels. JPPH data showed an average occupancy rate of 77% for all office buildings in the district of Johor Bahru as at 3Q 2009. Current rents for high grade office space average between RM1.40 - 2.50 psf for city fringe areas while rents in prime office buildings in the city centre have now surpassed the RM3.00 psf mark.

Looking forward, the limited future supply in the city centre is expected to exert an upward pressure on rents. The future landscape may be different however once the IDR is substantially developed which may create a new demand from the international community for Johor Bahru and Nusajaya in particular. Should this happen, the geography may also change and the city centre may eventually decline in importance as administrative and commercial functions become centred at Nusajaya.

2.3 INDUSTRIAL PROPERTIY

State	Type of Property	Existing Supply					Future Supply	
		2005	2006	2007	2008	3Q 09	Incoming Supply	Planned
Johor	Terraced	7,440	7,440	7,466	7,466	7,459	244	327
	Semi-Detached	2,679	2,701	2,700	2,700	2,775	112	650
	Detached	2,518	2,575	2,653	2,653	2,707	127	1,226
	Flatted Factory	0	0	0	0	0	0	0
	Industrial Complex	461	468	468	468	470	9	22
	Total	13,098	13,184	13,287	13,287	13,411	492	2,225

Source: JPPH, Ministry of Finance

Investments in Johor in the first half of 2009 constituted 16.3% (RM2.6 billion) of the total RM15.8 billion invested in Malaysia with major foreign investors coming from Singapore, Japan, Korea, Austria and the United States. Foreign direct investments make up 62.7% of the RM2.6 billion investments in Johor and were primarily invested in electronics, food manufacturing, textiles and textile products, non-metal products and chemical product industries.

Industrial rents in Johor have remained relatively stable over the last 12 months and are almost at par with rents in the Klang Valley. Port/free trade areas such as Port Tanjung Pelepas are achieving average rents of RM1.20 - 2.00 psf, compared to RM0.75 - 1.00 psf for non-port industrial areas. Active non-port industrial estates in 2009 include SiLC, Nusa Cemerlang Industrial Park and Tebrau Industrial Park 3.

3.0 PENANG

3.1 GENERAL OVERVIEW

The Penang property market entered into a year of consolidation in 2009 as the market stabilized from the effects of the global economic downturn which started in 2008. Transactional activities of purpose built offices and industrial properties entered a slower phase with prices and rents generally remaining unchanged over the last 12 months.

3.2 PURPOSE BUILT OFFICES

New supply in 2009 is contributed by the completion of IJM's corporate office at Gelugor bringing the total supply of office space on Penang island as at 3Q 2009 to 8.8 million sf. Construction is still ongoing at the CEO (a stratified office building) in Bukit Jambul which is expected to complete in 2010. There were no new launches of office buildings in Penang island in 2009.

According to JPPH data, about 80% of total office space on Penang island is concentrated within George Town, the traditional city centre of the island, with occupancy rates of 78%.

High grade office buildings are achieving gross monthly rental rates between RM2.50 - 3.00 psf, while the newly completed IJM corporate office is leasing space at RM2.80 – 3.20 psf. Average monthly rental rates of secondary office buildings generally range between RM1.70 to 2.50 psf.

3.3 INDUSTRIAL PROPERTY

State	Type of Property	Existing Supply					Future Supply	
		2005	2006	2007	2008	3Q 09	Incoming Supply	Planned
Penang	Terraced	4,709	4,794	4,794	4,794	4,794	143	193
	Semi-Detached	1,081	1,109	1,109	1,109	1,109	78	10
	Detached	1,176	1,208	1,246	1,279	1,316	12	287
	Flatted Factory	333	333	333	333	333	59	0
	Industrial Complex	42	42	42	42	42	0	0
	Total	**7,341**	**7,486**	**7,524**	**7,557**	**7,594**	**292**	**490**

Source: JPPH, Ministry of Finance

In spite of the economic downturn, Penang has seen at least 2 major foreign investments in the manufacturing sector namely St Jude Medical's Asia Pacific regional plant at Bayan Lepas Industrial Area and the completion of Honeywell Aerospace Penang's facility at Prai Industrial Estate.

New supply of industrial properties completed during the first 3 quarters of 2009 is limited to a small number of detached factories located in the South-West district of the Penang island. Key industrial areas offering detached factories and industrial complexes are still mainly located in the South-West District, within the Bayan Lepas Industrial Area. On the mainland key industrial areas are Prai Industrial Estate, Bukit Minyak and Bukit Tengah Industrial Area.

Average monthly rentals of industrial space within detached factories/industrial complexes were stable over the last 12 months at RM1.20 - 1.50 psf.

Submitted on behalf of CB Richard Ellis (Malaysia) Sdn Bhd

Christopher Boyd
Executive Chairman
February 2010