



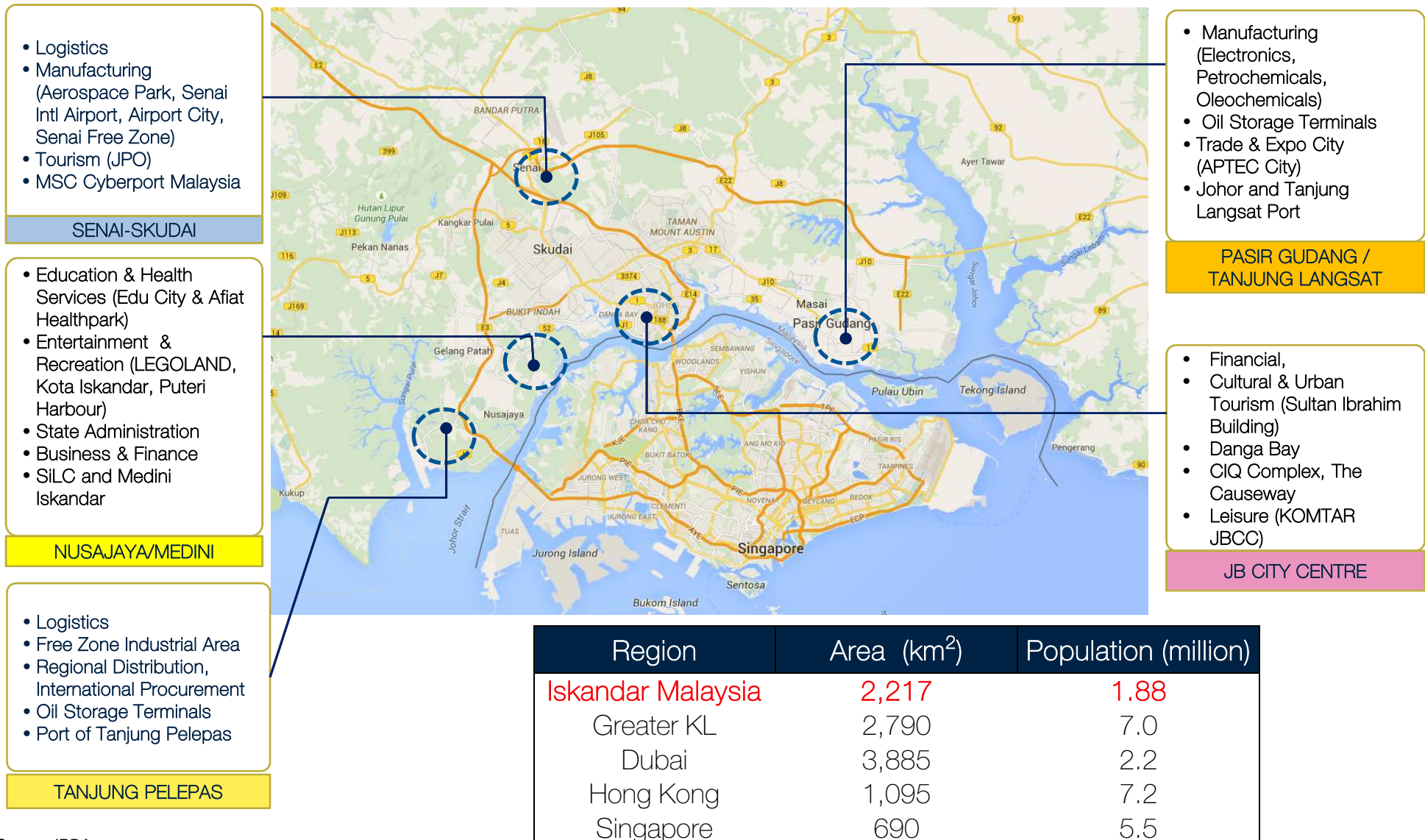
ISKANDAR MALAYSIA

Property Market Overview

May 2015



GEOGRAPHICAL COVERAGE OF IM



Region	Area (km ²)	Population (million)
Iskandar Malaysia	2,217	1.88
Greater KL	2,790	7.0
Dubai	3,885	2.2
Hong Kong	1,095	7.2
Singapore	690	5.5

Source: IRDA

SELECTED PROJECTS IN IM



Flagship A

- Iskandar Waterfront Development: *under planning*
 - Country Garden Danga Bay: *completion in 2018*
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Flagship B

- Educity: *completed in 2014*
 - Legoland: *completed in 2013*
 - Puteri Harbour: *Phase 2 completed in 2013 (other phases under construction/planning)*
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Flagship C

- Port of Tanjung Pelepas: *completed in 2012*
 - Petrochemical & Maritime Industrial Hub Tanjung Bin: *completion in 2015 (phase 2)*
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Flagship D

- Pasir Gudang Specialist Hospital: *completed in 2012*
 - Universiti Teknologi MARA: *opened in 2013*
- 

Flagship E

- Johor Premium Outlets: *completed in 2011*
 - Senai Hi-Tech Park: *launched in 2011*
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PRESENCE OF CHINESE DEVELOPERS IN IM



Developer: Zhuoda Group
Project: 1 Paradiso Nuova
(high-rise residential development on 16 acres)



Developer: Guangzhou R&F Properties
Project: 6 Princess Cove
(116-acre development with residences, retail units and offices)



Developer: Country Garden
Projects: 2 Country Garden Danga Bay
(residential and retail units on 57 acres)
 3 Forest City
(integrated development on reclaimed land – about 1,386 hectares)



Developer: Greenland
Projects: 4 Jade Palace
(retail and residential units on 13.6 acres)
 5 Tebrau Bay Waterfront City
(128-acre mixed-use development)

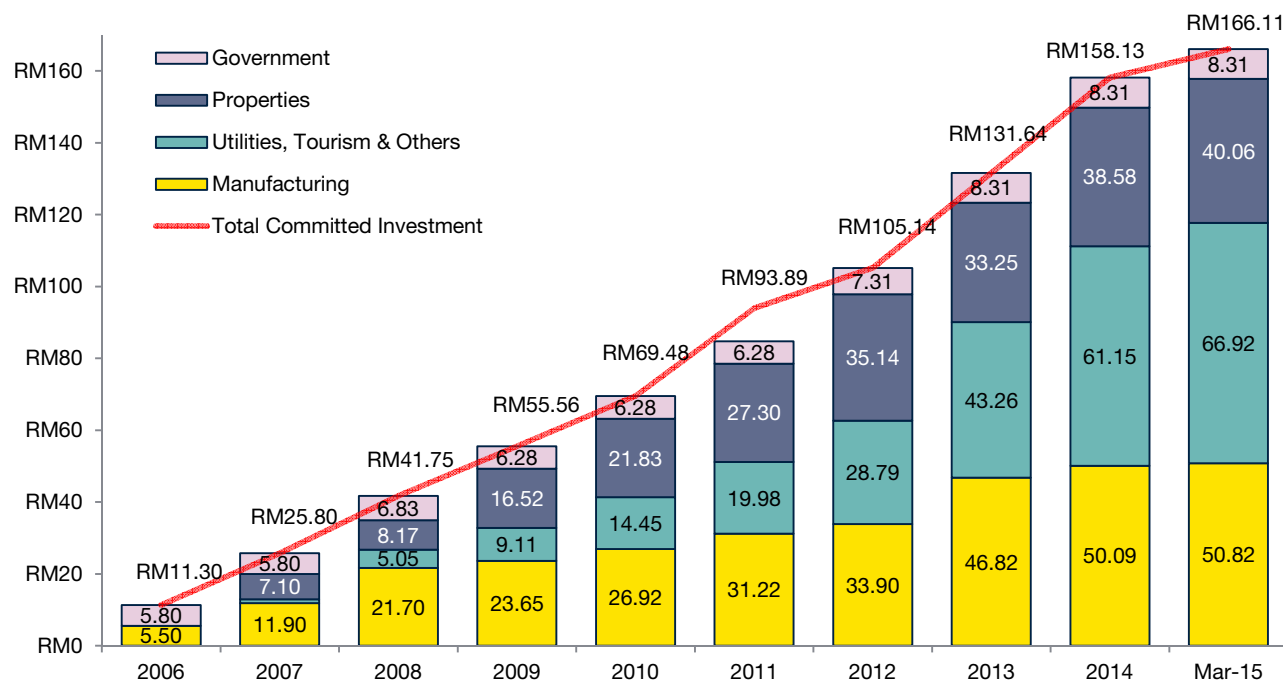


Developer: Hao Yuan
Project: not announced yet
(purchased 37 acres in Danga Bay)

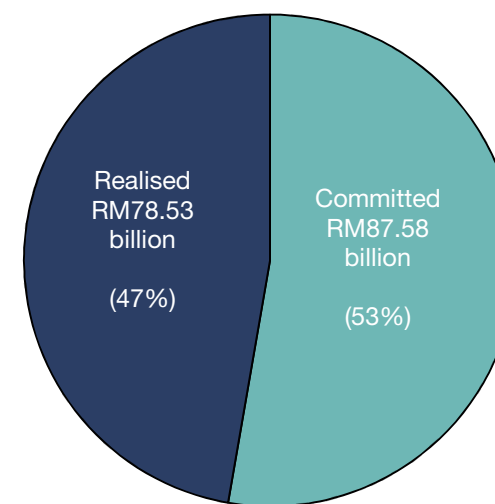
INVESTMENTS INTO IM

- IM continues to receive strong investment interest with **47% realised** to date (RM78.53 billion out of RM166.11 billion).
- During the first quarter of 2015, IM secured RM7.98 billion in new investments, recorded a **total cumulative committed investments of RM166.11 billion**.
- Manufacturing sector continues to be the top performer**, contributing 31% (RM50.82 billion), followed by supporting sectors such as residential & retail property sector at 41% (RM68.75 billion) and industrial properties, government, utilities, and emerging technologies at 6%, 5%, 8%, and 1% respectively.
- The other promoted sectors merely contributing 9% of the total investments into IM, such as logistics (3%), healthcare (2%), tourism (2%), education (1%), and creative & finance (1%).

Total Cumulative Investments into Iskandar Malaysia [2006 – Q1 2015]



Total Investments into Iskandar Malaysia

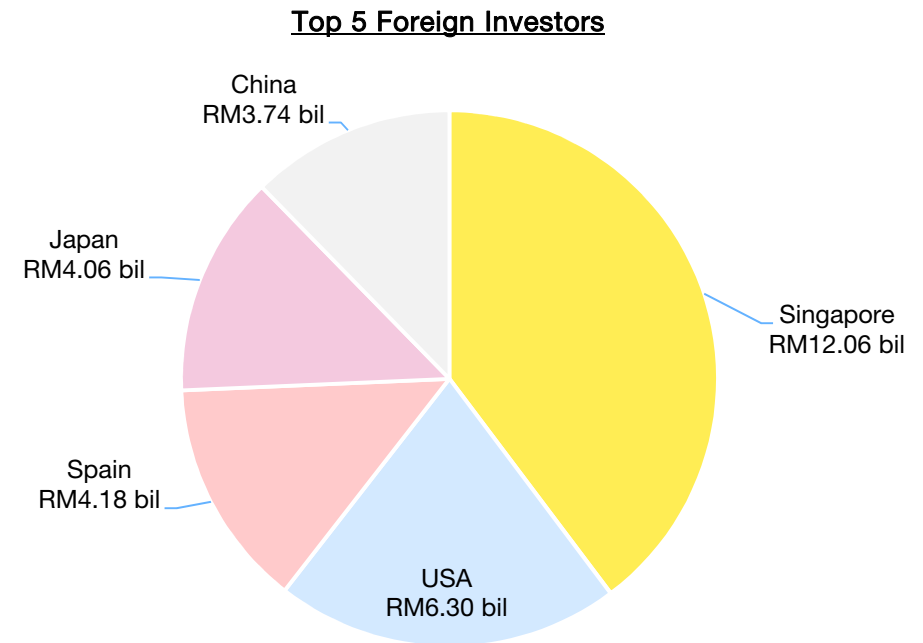
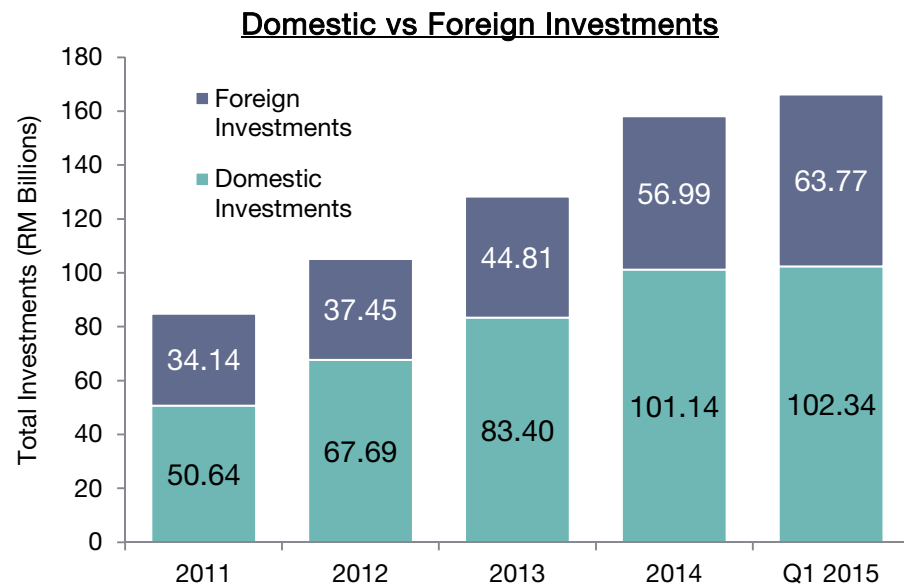


FOREIGN INVESTMENTS INTO IM

- Foreign investments stand at 38% of the total committed investment as of Q1 2015. Top 5 foreign investors are:



- Investments from Singapore mainly consist of education, healthcare, manufacturing and property development sectors.
- Investments from China are mainly from the property development sector.





IM INCENTIVES SUPPORT PACKAGE (ISP)

APPROVED DEVELOPER

Income tax exemption on income derived from disposal of land in the approved nodes (up to 2025); and
Income tax exemption on income derived from sale or rental of a building in the approved nodes (up to 2030)

APPROVED DEVELOPMENT MANAGER

Income tax exemption on income derived from the provision of management, supervisory & marketing services to an *Approved Developer* company, specific to an *approved project* in the approved nodes (up to 2030)

IDR STATUS COMPANY

10 year corporate tax exemption for qualifying activities or an Investment Tax Allowance of 100% for five (5) years

Other incentives:-

- I. Exemption from EPU property acquisition guidelines
- II. Each foreign knowledge worker employed by an ISP approved company will be eligible to import or purchase a duty free car for his or her own personal use
- III. Flexibility to recruit foreign knowledge workers subject to the guidelines of the Iskandar Malaysia Expatriate Committee (IMEC)
- IV. Flexibility from foreign exchange administrative rules set forth by BNM

FLAGSHIP INCENTIVES – FISCAL & NON-FISCAL

5 year corporate tax exemption / Import duty & sales tax exemption / flexibility to recruit foreign workers / flexibility from foreign exchange administrative

Note:

- 1) The ISP to be extended for another 10 years after the initial expiration on 31 Dec 2015.
- 2) The approved nodes are Medini, Vantage Bay, Danga Bay and Pinewood Iskandar Malaysia Studio.

Source: IRDA

RECENT MARKET UPDATES



February
2015

- Iskandar Malaysia declared as a **Regional Centre of Expertise for Sustainable Development (RCE)** to promote sustainable future developments and to provide a platform for individuals and organizations to generate ideas.
- **Employees Provident Fund (EPF)** entered into a joint venture with Australia's **Goodman Group** to develop logistics assets in Klang Valley and Iskandar Malaysia with a total development value of RM1.4 billion.



March
2015

- **CapitaLand's Ascott Limited** (Ascott) raised its presence in Iskandar with its 3rd property (the 214-unit Citadines Medini Nusajaya)
- Australian developer **Walker Corporation** together with an investment firm named **Wang & Wong Pte Ltd** will develop "Senibong Hills". This development consists of landed homes and high-rise apartments together with a club house.
- **3 new firms** to invest approximately **RM600 million** in Medini:
 - **Goldbury** is establishing a global information technology (IT) automotive hub in Medini
 - **Brandt International** will set up a BPO and knowledge process outsourcing (KPO)
 - **Vision Technology Consulting** will develop a development centre that will provide Oracle technology implementation and related outsourcing services as well as enterprise mobility solutions.



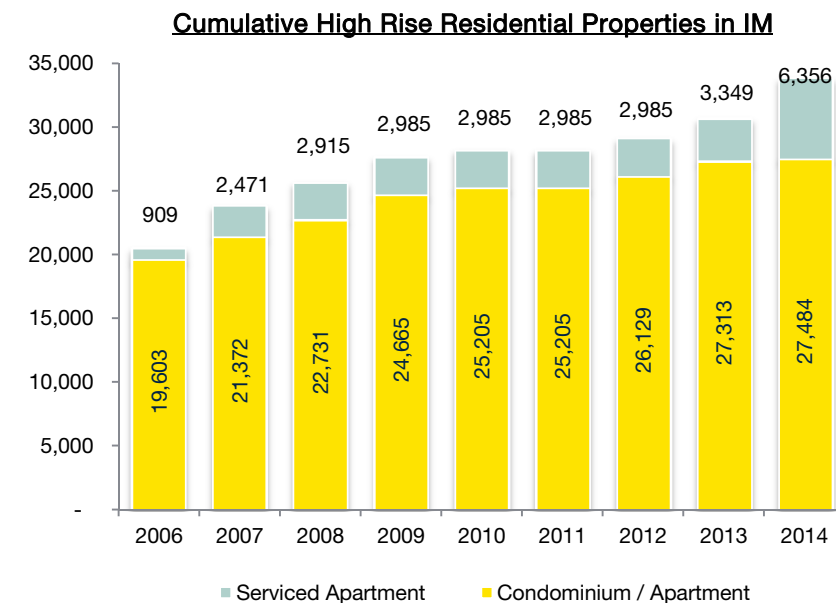
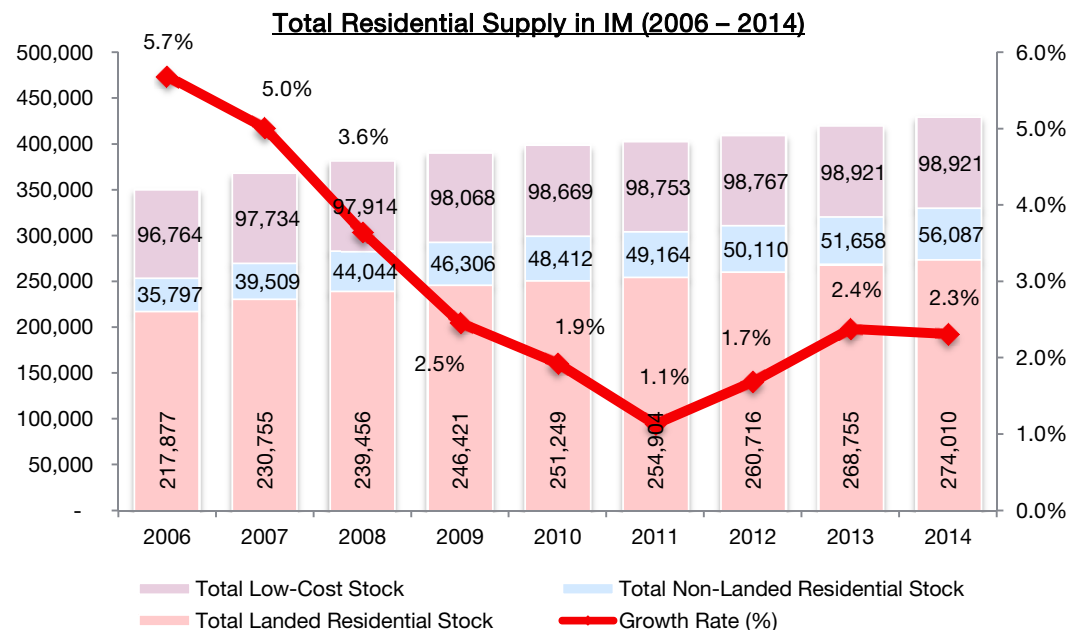
April
2015

- **Traders Hotel Puteri Harbour** has rebranded itself as **Hotel Jen Puteri Harbour**, Johor. It's the 10th hotel to adopt this new brand name
- **UEM Sunrise Bhd** unveiled its comprehensive development plans for the 2nd phase of Gerbang Nusajaya, which consists of a 210ha integrated eco-friendly tech park ("Nusajaya Tech Park") and a 212.4ha motorsport city ("FASTrack Iskandar")
- **United Malaysian Land Bhd** is collaborating with Thailand's **Onyx Hospitality Group** to open the first **Amari Hotel** in Malaysia. It will be part of a mixed-use development in Johor Bahru named "Suasana Iskandar". Upon completion in 2017, Amari will have 242 rooms with indicative average price per room between RM1,158 and 1,552 per night



RESIDENTIAL PROPERTY MARKET

- As of end of 2014, the total supply of residential properties in IM stands at **429,018 units**, an increase of 2.3% y-o-y.
 - **Landed properties** = 274,010 units (64% of supply)
 - **Non-landed properties** = 56,087 units (13%)
 - **Low cost housing** = 98,921 units (23%)
- The total existing stock of condominiums/serviced apartments **increased by 65%** between 2006 (20,512 units) and 2014 (33,840 units)
- Residential units under construction = **106,487 residential units** (37% are landed properties, 58% non-landed properties and 5% low cost housing)
- Residential units under planning = **141,960 units**
- Therefore, **248,447 new units** in the pipeline = 58% increase over the existing supply.



NEW LAUNCHED CONDOMINIUMS IN IM



Causeway Regency



Aliff Avenue

- The incoming supply of condominiums reached its peak in 2013, as a total of **34,949 units** were launched during the year with the majority (**80%**) located in **Johor Bahru City Centre and surrounding suburbs**.
- As a comparison, Kuala Lumpur launched about 22,000 units of condominium units in 2013 and the number of private residential units launched in Singapore was 15,885 units only (inclusive of landed and non-landed properties) that year.
- 2014 was a slow year as the number of newly launched condominium units **shrank by 63%** from a year ago. Only 12,934 units were launched in 2014. This could be a consequence of the recent cooling measures such as the raise in Real Property Gains Tax (RPGT), minimum **foreign threshold raised to RM1 million** as of 1 May 2014 and the tight lending market.
- However, any development that was approved before 1 May 2014 does not have to comply with the RM1 million threshold rule. For instance, units in “Causeway Regency”, launched in January 2015, can still be sold below RM1 million to foreigners.
- Besides, the lack of new launches could be attributed to the low take-up rates of launched projects, as developers with new stock to the market could have taken their cue from the performance of their competitors.
- In April 2015, we witnessed the launch of “Causeway Regency” (228 units) and “Jade Palace” (2,456 units). Jade Palace is a 13.6-acre waterfront development jointly developed by Greenland Group and IWH that consists of 13 towers of residential building (4 towers are open for booking now). Anecdotal evidence shows that Phase 1 was 80% booked. During the same period, MB Group launched their wellness development located in the Sungai Pulai Ramsar Wetland Reserve and named “Sungai Pulai Wellness Resort”, and offered a preview of its high-rise residential development at Tampoi named “Aliff Avenue” (282 units).
- In December 2014 was announced that **all new serviced apartment applications will be frozen**, but those who have received their approval prior to this announcement can continue their projects.

RECENT LAUNCHES IN IM

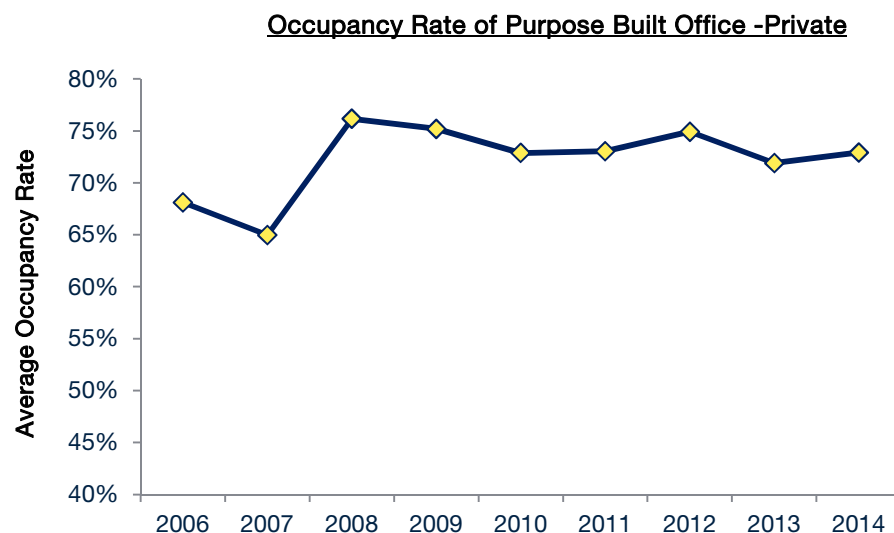
Scheme Name	Location	Built-up (sq ft)	Price Range (psf)	No of Units	Take Up Rates
Aliff Avenue	Tampoi	538 - 1,098	RM400-640	282	Preview only
Princess Cove - Phase 1	Tanjung Puteri	469 - 1,343	RM750 - RM1,300	868	50%
G Residence	Plentong	653 - 1,552	RM450 - RM500	480	70%
Citywoods	JBCC	764 - 1,240	RM540	417	40%
Acquaint Danga	Danga Bay	549 - 4,730	RM900 - RM1,200	818	80%
Centara Residences	Nasa City	785 - 1,690	RM660 - RM732	232	20%
Causeway Regency	JBCC	776-1,408	RM800-980	228	n/a
Jade Palace	Danga Bay	488 - 1,047	RM850	2,456	Booking stage
Seventh Cove	Masai	907 - 4,861	RM978 - RM1,149	392	
Grand Medini	Medini	474 - 1,149	RM770 - RM1,100	672	50%
Citrine @ The Lakeview	Medini	933 - 1,348	RM850	328	75%
Meridin - Phase 2	Medini	318-885	RM1,000-1,100	Tower A: 583 Tower B: 322 Tower C: 322	Tower B: 100%

OFFICE PROPERTY MARKET

- As at end of 2014, the total private purpose-built office supply stands at 5.89 million sq ft. Refurbishment works at Menara Komtar were recently completed (total NLA is 409,000 sq ft) and is now fully occupied by Jcorp and its subsidiaries.
- There is no major office cluster located in IM per se, but approximately 95% of the existing offices are located within the JB City Centre with most of the buildings being old.
- Overall occupancy rate averages 73% across Iskandar Malaysia, with only a few well-located office building that manage to achieve higher than 85%, such as Menara MSC Cyberport, JB City Square Office Tower, Menara TJB, Menara Ansar and Menara Landmark. Menara Landmark is located within an integrated development that consists of 4 levels of medical suites as well as the Doubletree by Hilton.
- Rental rates for prime office space in Johor Bahru City Centre are ranging between RM2.50psf and RM3.50psf per month.
- Future office supply is mostly sited within master-planned developments such as Medini Business District, Medini Central, Iskandar Waterfront District, Iskandar Financial District & Sunway Iskandar
- Apart from the manufacturing sector, sectors that require office space such as Financial Advisory & Consulting, Education, Creative Industries, Tourism and Healthcare are encouraged to move to Iskandar Malaysia.

Selected New Launches of Office Suite in IM

Name	Developer	Expected Completion Date	Size (sq ft)	Status
Medini Lakeside	UMLand	2018	683-2,120	Open for registration
Markers Iskandar - Tower A	Ra Ta Land Sdn Bhd	2017	1,500-4,300	Tower A 100% leased
Markers Iskandar - Tower B	Ra Ta Land Sdn Bhd	2017	1,500-4,300	140 units available
Lakefront Southkey - Tower A & B	Southkey Properties Sdn Bhd	2015	A: 80,000 B: 50,000	n.a.
Citrine Office Suites	Sunway Iskandar Sdn Bhd	2017	746-1,671	100% sold



RETAIL PROPERTY MARKET

- New completions in 2014 include:
 - KOMTAR JBCC (405,000 sq ft)
 - Sutera Mall – Entertainment City (approximately 300,000 sq ft)
 - Mydin Pelangi Indah (21,528 sq ft)
- As of 2014, there is a total of 12.49 million sq ft of NLA of retail space in IM, with retail space per capita slightly over 6.33 sq ft per person (lower than Greater KL's 7.6 sq ft per person).
- Average prime rents in IM are ranging between RM5psf and RM20psf; however, JB City Square, located opposite the CIQ, managed to achieve as high as RM40psf.
- Retail growth in IM is evident as proven by the opening of Johor Premium Outlet Phase 2 (2013) and KOMTAR JBCC (2014). Moreover, AEON Tebrau City is undergoing expansion to house a multi-storey car park, a department store and a supermarket.
- With the population expected to grow and plans set in place in IM to boost its economy, this will support the growing retail market in the years to come.
- Major malls in the pipeline are listed below:-

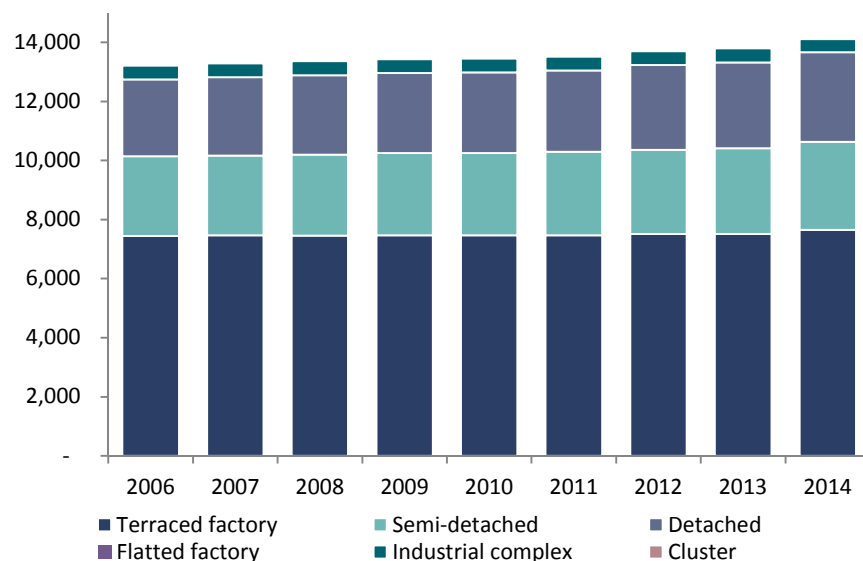
Name	Developer	Expected Completion Year	Net Lettable Area (sq ft)
Paradigm Mall	WCT	-	750,000
Midvalley Southkey Megamall	Southkey Properties Sdn Bhd	2018	1,500,000
Tropicana Danga Bay Mall	Tropicana Danga Bay	-	*250,000
Capital 21	Hatten Group	2017	1,000,000
Country Garden Lifestyle Mall	Country Garden Danga Bay	2017	430,000

Note: (*) Tropicana Danga Bay Mall was initially announced at 1 million sq ft and it has now reduced to 250,000 sq ft.

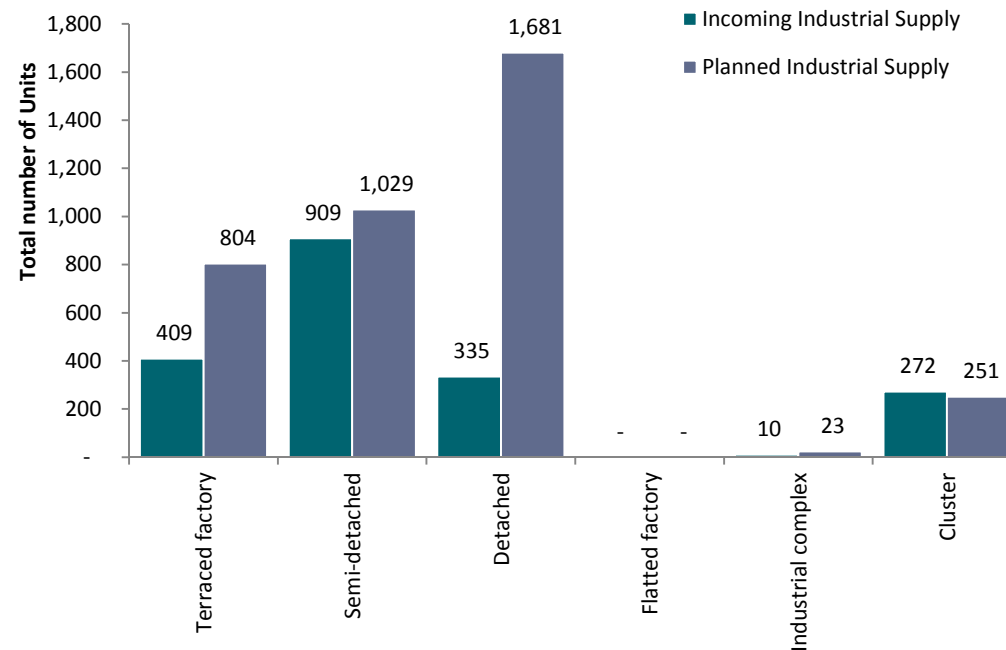
INDUSTRIAL PROPERTY MARKET

- As at end of 2014, the total number of existing supply of industrial properties in Iskandar Malaysia stood at 14,159 units. Terraced factories accounted for 54%, followed by detached (21%) and semi detached factories (21%).
- 2014 observed a growth rate of +2.65% Y-o-Y, which is the highest since 2006.
- This strong growth can be attributed to the new quality industrial parks (Frontier Industrial Park, i-Park@SiLC, Setia Business Park, SiLC, Skudai 8 Biz Hub and Indahpura Industrial Park) which were launched in 2013 and 2014.
- With other industrial developments coming on stream in a couple of years such as the Nusajaya Tech Park, Sime Darby's Harvest Green Industrial park and UMLand's Dover Business Park, the supply is expected to improve significantly. In addition, we expect more MNCs shifting their operations to IM, as foreign investments currently account for 38% of the total committed investments.

Current Existing Supply of Industrial Properties by Type



Future Supply of Industrial Properties by Type





THANK YOU

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