MARKETBEAT

KUALA LUMPUR OFFICE REPORT

YY PROPERTY SOLUTIONS IN ASSOCIATION WITH CUSHMAN & WAKEFIELD

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Global Real Estate Solutions

3Q 2009

2nd Quarter Growth Slumps Eases to 3.9% (y-o-y)

The release of national accounts data confirmed that real GDP continued to contract between April and June. However, the 2nd quarter slump eased to -3.9% (y-o-y) after a decline of 6.2% three months earlier, as most areas of the economy improved on the 1st quarter performance.

Going into the 3rd quarter, latest data available point to a further stabilization in the economy, i.e. industry production fell by the least in eight months in July when output decreased by 8.4% (y-o-y). In addition, industrial production rose by 7.1% over the month after an expansion was recorded in each of the mining, manufacturing and electricity sub-sectors.

The Continued Slowdown is expected for the Office Market

As at 3Q2009, there is a considerable amount of new office space expected to be completed by end of 2009. This will inevitably lead to an oversupply situation within Klang Valley, although certain prime locations were facing shortages.

During the quarter, leasing activities were mostly confined within existing companies that were either consolidating or expanding their operations. In an effort to cut operation cost, we saw a number of tenants relocating to less expensive locations.

As a result, existing office space that may not classified as Grade A standard but is well-maintained with reasonable rental rates are expected to see high demand.

ECONOMIC INDICATORS

		Latest Release	Average FY 2007	Average FY2008
Real GDP Growth	Apr – June 09	-3.90%	6.20%	4.60%
Unemployment	Apr – June 09	3.60%	3.20%	3.30%
Prices (CPI)	Apr – June 09	1.30%	2.00%	5.40%
Base Lending Rate	Sept 09	5.55%	6.80%	6.50%

Source: Statistics Department, Malaysia; Bank Negara Malaysia; Consensus Economics September 2009

GRADE A RENTS AS OF 2Q 2009

Location	*Rent (Net Effective on NLA) RM /sq.ft. /mth*	*€ /sq.m. /yr*	*US$ /sq.ft. /yr*	*% Change from (Local currency) 3 mth ago*	*1 yr ago*	*6 mth Outlook*
Prime KL Centre	6.06	156	22	-9.4%	4.2%	➔
KL Fringe	4.62	119	17	-6.0%	6.9%	➔

Legend
Market Rising ➚ Market Stable ➔ Market Falling ➘

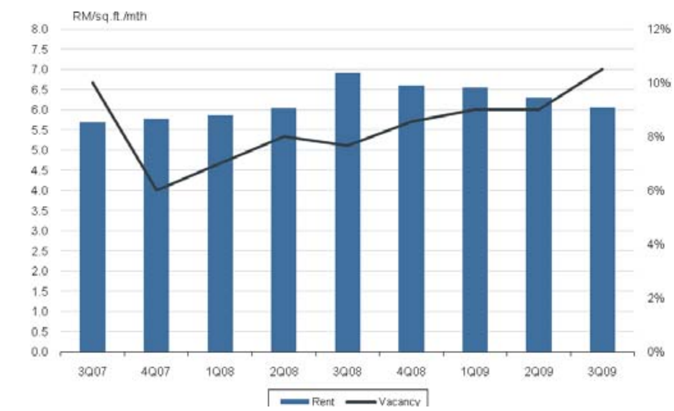
SIGNIFICANT NEW LEASE TRANSACTIONS

Building	*Tenant*	*Sq. Ft.*	*Location*
Multi Purpose Building	Taylor Nelson Sofres Malaysia Sdn Bhd (TNS)	30,000	KL City
KL Sentral Quill 7	British Petroleum (BP)	90,000	Fringe KL

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

Building	*Location*	*Office GFA (Sq. Ft.)*	*Completion Date*
Vista Tower *(Formerly known as Empire Tower)*	KL City	555,000	4Q2009
BRDB Tower	Bangsar	210,000	4Q2009
1 First Avenue	Bandar Utama	630,000	1Q2010
Menara Kencana	Mont Kiara	255,000	1Q2010
Hampshire Place	KL City	240,000	3Q2010
Menara Worldwide	KL City	277,000	4Q2010
Menara MAIWP	KL City	360,000	4Q2010
Menara Chua	KL City	370,000	1Q2011
Integra Tower	KL City	736,000	4Q2012

GRADE A RENT AND VACANCY



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