

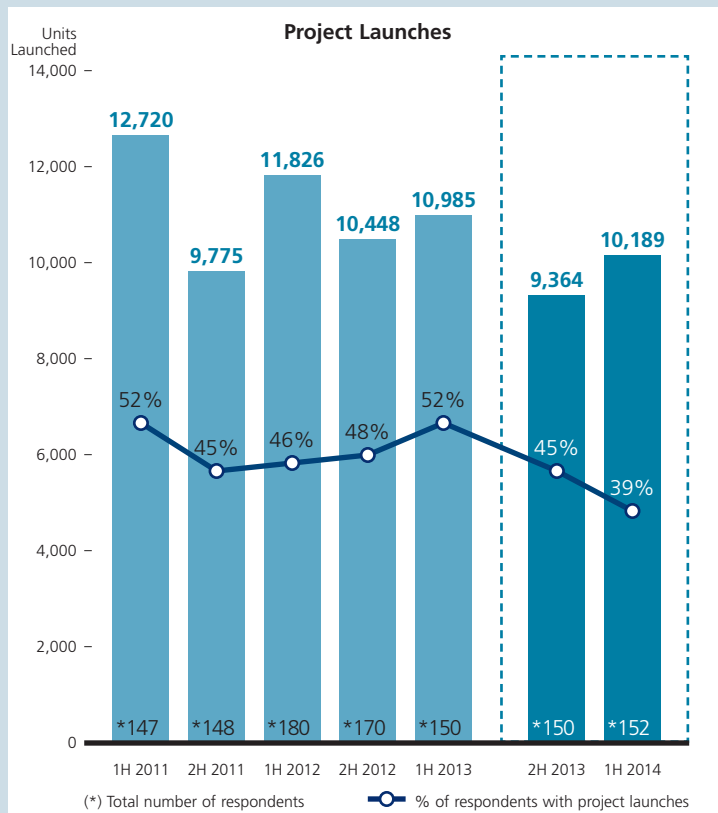
REHDA Property Industry

The findings of the REHDA Property Industry Survey 1H 2014 compiled from 152 respondents from all 12 states across Peninsular Malaysia generally indicated the overall impact of the various cooling measures announced in Budget 2014 on the property sector. The findings which revealed the quite subdued market, impacted by the cooling measures are summarised as follows:

Project Launches – 1H 2014

Respondents with launches in 1H 2014 have gone down to 39% from 45% compared to the previous corresponding period. A slight increase in number of units launched, was however recorded. Launches were dominated by 2-3 storey terrace houses mainly in Selangor, Johor and Perak. Feedback from the respondents reported that 80% of their buyers were locals who continued to lead the market, purchasing mainly for own occupation.

Sales performance was also reported to have declined slightly compared to 2H 2013 with a large number of respondents (84%) citing their buyers facing problem in obtaining end-financing.

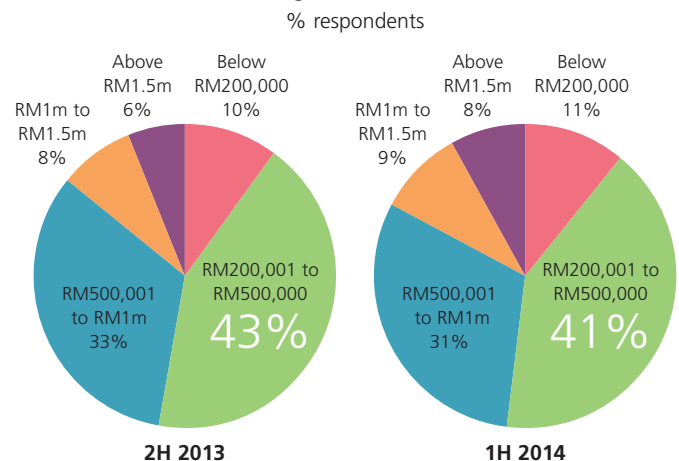


Respondents with Property Prices – Nationwide

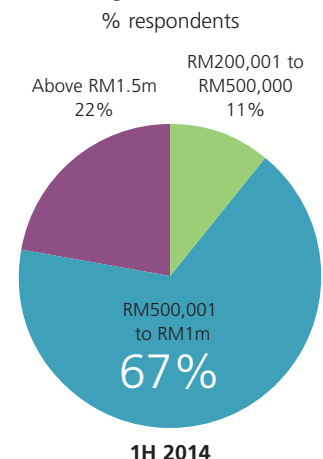
A similar trend to 2H 2013 was observed in terms of property prices launched. 41% of respondents launched property prices in the range of RM200,001 – RM500,000 which made up the bulk of the launches, mostly located in Johor (Johor Bahru and Kluang) and Pahang (Sungai Karang, Kuantan and Chendor) whilst 17% of respondents launched properties above RM1million.

For the commercial properties, units launched by majority of respondents were in the price range of RM500,001 – RM1million.

Residential Selling Price 1H 2014 – Nationwide



Commercial Selling Price 1H 2014 – Nationwide



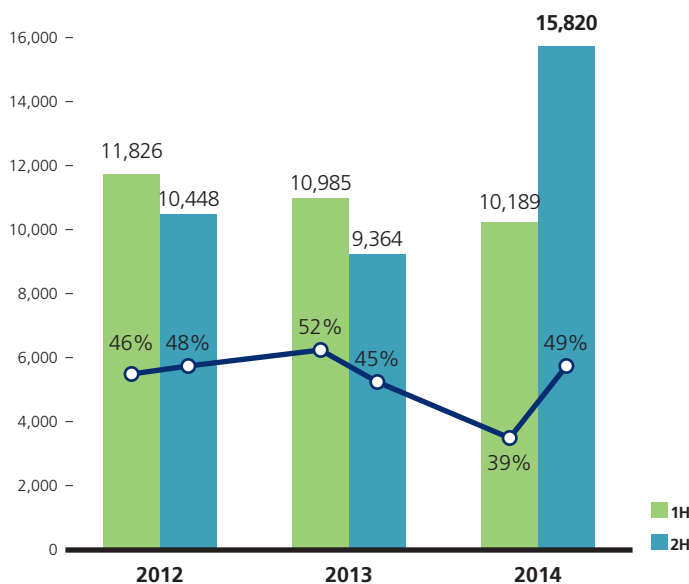
Industry Survey 1H 2014

Future Launches – 2H 2014

Number of future launches was anticipated to increase in 2H 2014 with moderate sales performance expected within six months of launch. The new launches include those within the RM500,001 – RM1 million price range, mostly in Johor, Selangor and Penang while Kuala Lumpur is expected to see launches of properties above RM1 million. Other states will have launches priced between RM200,001 – RM500,000.

Prices of new launches are expected to remain stable.

Future Launches – Residential and Commercial



Outlook 2H 2014

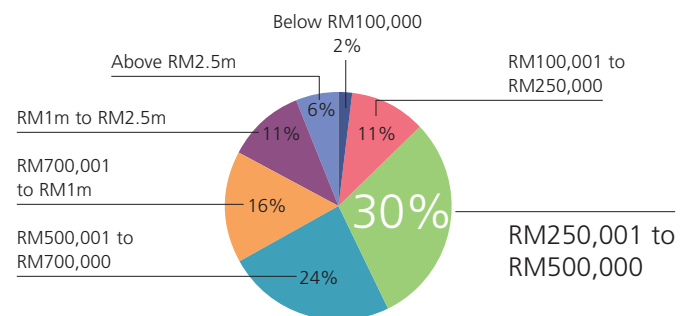
Respondents are generally neutral to pessimistic on the outlook for 2H 2014 and level of pessimism is expected to increase in 1H 2015.

Issues Affecting Developers

61% respondents reported that costs of doing business have increased up to 20% during the review period. Construction related issues including labour and building material problems have also severely impacted developers' projects. In terms of financing buyers' difficulty in obtaining end-financing was reported as an issue of concern.

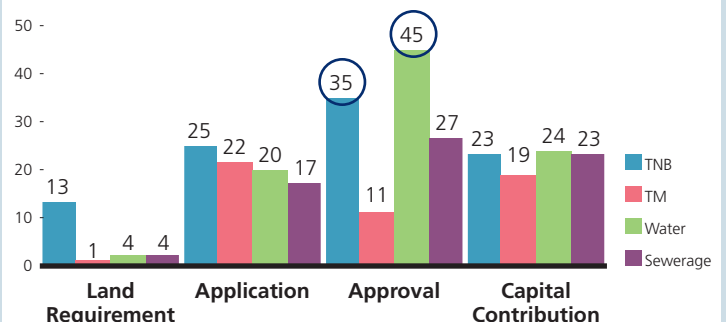
Amongst the reasons for banks rejecting the loan applications were ineligibility of buyers' income, lower margin of financing and banks requesting more documents. The RM250,001 – RM500,000 price range appears to be the most vulnerable to end-financing challenges.

End-Financing Issue – Price Range Rejected by Banks



More than half respondents reported facing problems with utility service providers namely the water authorities and TNB, mainly in regards to approval issue.

Challenges in Dealing with Utility Service Providers



Impact of Cooling Measures

Close to 90% of respondents experienced a slowdown in property sales due to the cooling measures announced in Budget 2014. According to the respondents, the top measures impacting sales are the 70% Loan-To-Value ratio, the impending implementation of Goods and Service Tax (GST) in April 2015 and the higher Real Property Gains Tax (RPGT) as well as the Responsible Lending Guidelines introduced by Bank Negara Malaysia.

These measures add to the existing challenges faced in addition to increased in overall cost of doing business, high land price and heavy cross subsidies.