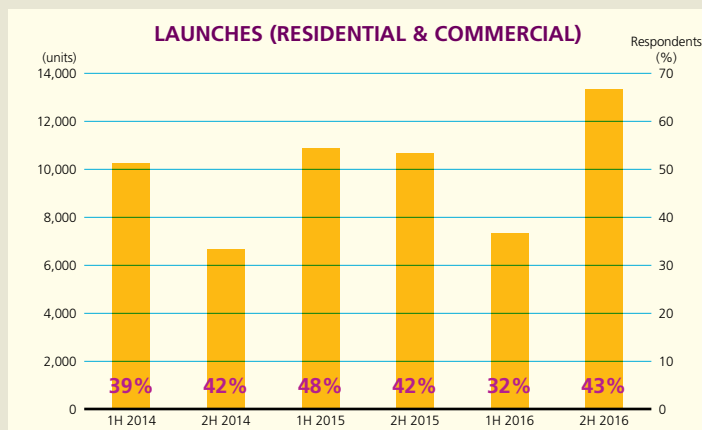


Property Industry

The REHDA Property Industry Survey 2H 2016 findings were presented by REHDA President and Chairman of the Communications, 19 April 2017 at Wisma REHDA. The survey was conducted from July till December 2016 to gauge the current market performance provided valuable input and shared their respective sentiments. The following summary provides an outline of the survey results:

Market Performance in H2 2016

The number of respondents with launches during the review period increased from 32% (1H 2016: 50 respondents) to 43% (2H 2016: 71 respondents). Correspondingly, the number of units launched improved significantly by 85% from 7,172 units to 13,276 units. Majority of the units launched were residential properties with 59% constituting high rise which were mainly in Kuala Lumpur (Mont Kiara), Penang (Jelutong and Butterworth) and Selangor (Seri Kembangan, Kajang, Puncak Alam and Sri Damansara).

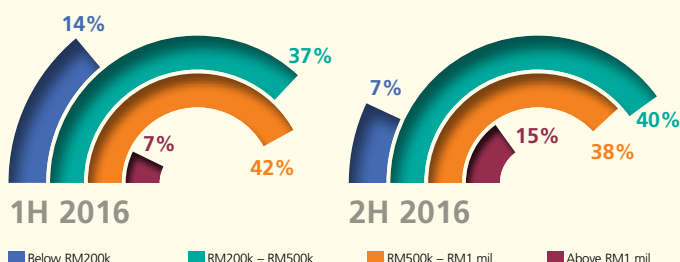


In tandem with the increased launches, the overall sales performance also experienced a slight improvement exceeding the previous half by 6%. Apartment/condominium topped the most sellable property type, followed by 2-3 storey terrace house. In terms of selling price, most states have retained their price range, similar to the preceding period with nearly half of the residential units launched priced RM500,000 and below.

SALES PERFORMANCE

PROPERTY TYPE	2H 2015		1H 2016		2H 2016	
	Units Launched	Units Sold	Units Launched	Units Sold	Units Launched	Units Sold
Low Cost House/Flat	914	601	1,022	0	329	46
Single Storey Terrace	1,050	616	357	78	1,039	653
2-3 Storey Terrace	2,509	1,365	2,345	1,473	2,798	1,666
Semi-Detached	640	237	405	153	791	445
Bungalow/Garden Villa	312	158	361	194	250	114
Serviced Apartment	352	216	899	267	3,558	1,033
Apartment/Condominium	3,830	1,844	1,550	548	3,983	1,840
Commercial	331	158	233	116	528	176
TOTAL	9,938	5,195	7,172	2,829	13,276	5,973

SELLING PRICE (NATIONWIDE)



Unsold Units in 2H 2016

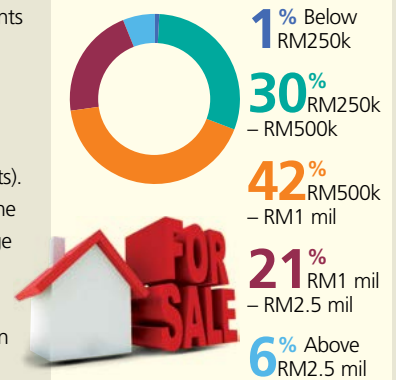
Nearly three quarters of the respondents revealed to have unsold units in both residential and commercial properties, with more experiencing higher than 30% of unsold units (1H 2016: 29 respondents; 2H 2016: 43 respondents). Majority of the unsold units were in the RM250,000 to RM500,000 price range and RM500,000 to RM1 million, with 30% and 42% respondents respectively. These units were mainly in Johor, Selangor and Penang.

End financing and loan rejection remained the top reason for unsold units affecting 85% of the respondents, with more than half reporting that rejection by banks were for properties below RM700,000. Other reasons for unsold units, as cited by respondents were credit history/CTOS/CCRIS, lower margin of financing, ineligibility of buyers income, banks requesting for more documentation and limited quota for low cost/affordable housing.

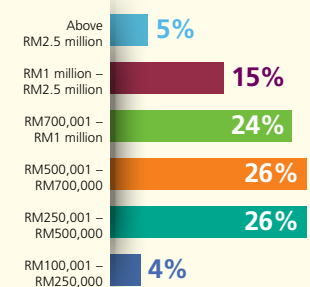
Business Operations

Increased cost of doing business continued to be a challenge to developers with 56% of the respondents reporting cost has increased up to 10%. Major cost components affecting business cash flow are materials and labour cost, compliance cost such as contribution fees and other policies as well as Goods and Services Tax (GST).

PRICE RANGE OF UNSOLD UNITS



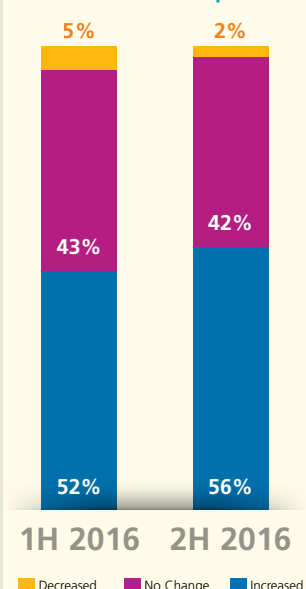
REJECTION BY BANKS FOR END-FINANCING PRICE RANGE



BUSINESS OPERATIONS: COSTS

Cost has increased up to 10%

Cost Cutting Measures



Operations

Freeze New Recruitment	42%
Less Benefits/Perks	34%
Less Working Hours	8%
Retrenchment	8%
Others (more responsibilities, etc)	5%
Salary Reduction	3%

Production/Delivery

KIV/Reschedule Launching of Planned Projects	42%
Reduce the Scale of Launches	23%
Migration of Development (High-end to Affordable Development)	12%
Cancelling Projects due to Poor Demand	12%
Project Delays due to Insufficient Sales	9%
Others	2%

Survey 2H 2016

Public Relations and Publication Committee, Datuk Seri FD Iskandar to members of the press as well as industry stakeholders on as well as assess its future outlook. Participated by 165 respondents, REHDA members from all states throughout Peninsular Malaysia

Respondents also indicated that aside from undertaking measures to help boost sales such as creative marketing strategies and participation in property exhibitions, various cost cutting measures have also been implemented in mitigating the impact of the slow market such as freezing new recruitments, reducing benefits for personnel as well as rescheduling and launching in smaller scale.

Provision of Affordable Housing

Provision of affordable housing was also stated to remain a challenge. More than half of the respondents reported non-feasibility due to increased overall cost of doing business as well as high land price being among the major obstacles. Nevertheless, the number of respondents providing affordable housing has increased from 31% in 1H 2016 to 40% in 2H 2016.

Challenges In Affordable Housing Provision

29% Increased overall cost of doing business

28% Not feasible due to high land price

23% Require cross-subsidies from higher end properties

9% Lack of incentive due to low density allowable

9% Not consistent surrounding properties

2% Not consistent with company branding

Future Launches and Performance in 1H 2017

More than half of the respondents planned to launch in the first six months of 2017. The total estimated units to be launched are 21,899 (Residential: 21,596 units; Commercial: 303 units), with 56% of the projected residential launches comprising stratified properties. However, almost three quarters of the respondents with planned launches target their sales performance to be only below 50% within the first 6 months of launch. In terms of selling price, all states are expected to either retain or lower their prices, with the exception of Kelantan.

FUTURE LAUNCHES: ALL STATES



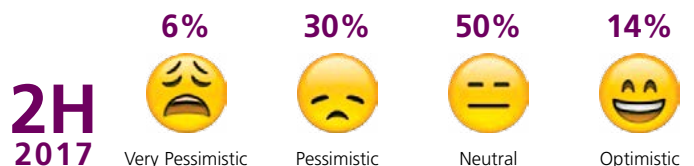
FUTURE LAUNCHES: RESIDENTIAL SELLING PRICE

State	Most Launched Price Range in 2H 2016	Most Launched Price Range in 1H 2017
Kedah/Perlis	RM200,001 – RM500,000	RM200,001 – RM500,000
Melaka	RM200,001 – RM500,000	RM200,001 – RM500,000
Pahang	RM200,001 – RM500,000	RM200,001 – RM500,000
Perak	RM200,001 – RM500,000	RM200,001 – RM500,000
Terengganu	RM200,001 – RM500,000	RM200,001 – RM500,000
Selangor	RM500,001 – RM1 Mil	RM500,001 – RM1 Mil
Kelantan	Below RM200,000	RM200,001 – RM500,000
N. Sembilan	RM500,001 – RM1 Mil	RM200,001 – RM500,000
Johor	RM500,001 – RM1 Mil	Below RM200,000
Penang	RM200,001 – RM500,000	Below RM200,000
WPKL	Above RM1 Mil	RM500,000 – RM1 Mil

Property Outlook 2017

Although 52% of the respondents expressed negative sentiments on the 1H 2017 outlook, more are anticipating the market to be better with a slightly higher level of confidence during the second half of the year.

Conclusion



- Total number of units launched (residential and commercial) increased by almost double in 2H 2016.
- More strata launches were recorded in 2H 2016 particularly in Penang, Kuala Lumpur and Selangor.
- Most of the unsold units were within the price range of above RM250,000 to RM500,000 and RM500,000 to RM1 million.
- End-financing remains the major problem for unsold units and loan rejection was mostly for properties priced RM700,000 and below.
- Challenged with increased cost of doing business and the economic uncertainty, developers had to exercise various cost cutting measures.
- Improved optimism recorded for 2H 2017 with most states anticipated to retain or lower down their prices.