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WTW INTERNATIONAL

Volume 7, Issue 1
January - March, 2009

SARAWAK PROPERTY BULLETIN

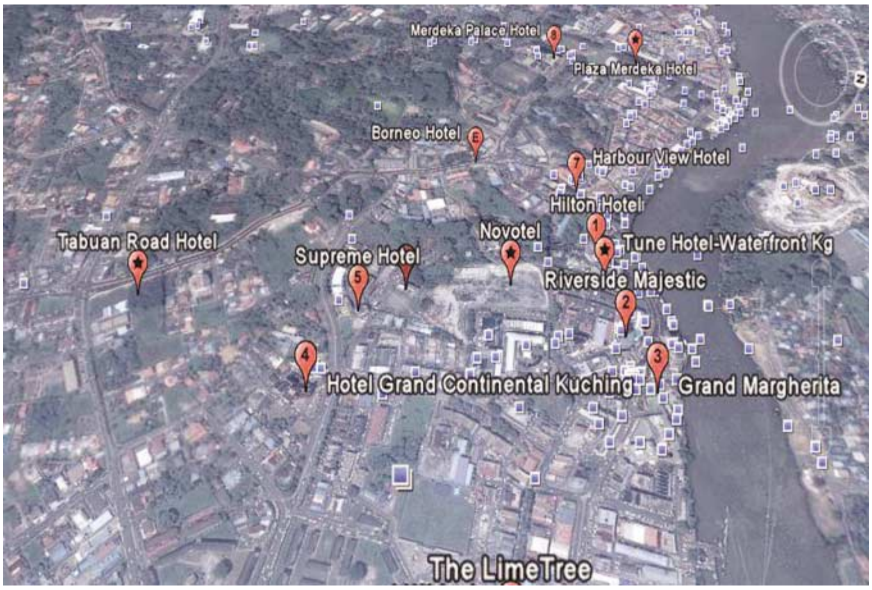
"Work Together With You"

PPK 344/06/2009 (020846)

HOTEL SECTOR BOOST FOR KUCHING

Between now and 2010, the hotel sector in the Sarawak state capital of Kuching is expected to see an increase in its hotel room stock by at least 2,000 units, with the high-end hospitality sector contributing not less than 80% of the total additions of hotel rooms.

The new hotels coming on stream by 2010 are either 3 or 4 star hotels sited at various locations within the city. In 2008, 95 rooms were already added to this sector when the Hock Lee Centre Apartments/ Condominiums were refurbished and re-launched as a hotel, named **"360 Hotel"**. Linked to the Hock Lee Commercial Centre, it offers hotel rooms which boasts panoramic view of part of commercial Kuching. Another 4-storey building along Jalan Datuk Ajibah Abol opposite the State Mosque was also opened as a hotel with a halal concept in July 2008, offering 72 high security rooms.



Existing & upcoming hotels in Kuching

The 1st quarter of 2009 saw the official launch of 4 Points by Sheraton Kuching by Starwood Hotels & Resorts Worldwide Inc. which offers 421 rooms of 4-star rating. This hotel, which is developed by Global Upline Sdn Bhd, took less than a year to complete. More recently, some existing shop houses at the Taman Sri Sarawak Mall (opposite the Kuching Waterfront and Kuching Hilton) were taken over by Tune Hotels Regional Services Sdn Bhd and converted into a budget hotel in line with their expansion plans for Tune Hotels. The no-frills hotel's tag line of "5-star sleeping experience at 1-star price" offers hotel room rate from as low as RM9.99 per night.

Another 5-storey existing building along Jalan Abell in the city centre is also currently undergoing renovation and is scheduled to open its doors for business as a 3-star hotel named **"The LimeTree Hotel"**, possibly by April 2009.

Other hotels which are currently under construction are :

i. Novotel Interhill located at Jalan Mathies in the city centre;
ii. Kuching Tower located at the Kuching Isthmus;
iii. Plaza Merdeka Hotel located at Jalan Barrack/Masjid, in the old town centre;

These are planned 4-star rated hotels to cater to the growing business tourists, especially from the domestic market.

New addition of Hotels (newly completed/planned) in Kuching (2009-2010)

No	Name of Hotel	Star Rating	Location	No. of Storeys	No. of Rooms	Edc
1	Four Points by Sheraton	4	Suburban	9	421	Q1 2009
2	Tune Hotels-Waterfront Kuching	Budget	City	3	135	Q1 2009
3	The LimeTree Hotel	3	City	4 + 1	50	Q2 2009
4	Novotel Interhill	4	City	21	388	2009
5	Kuching Tower	4	Suburban	18	428	2010
6	Plaza Merdeka Hotel	3-4	City	8	290	2010
7	Hotel @ Tabuan Road	4	City	12	220	2010
8	Imperial Apartment Hotel Suites	NA	Suburban	NA	700 *e*	2010
	Total	**-**			**2,632**	

Source : WTWY Research (2009)
Edc – expected date of completion
e - estimate

Inside this issue:

HOTEL SECTOR BOOST FOR KUCHING

In Kuching City, work on the 388-room Novotel hotel located at Jalan Mathies within the golden triangle of Kuching and within the vicinity of other 4 to 5 star hotels like Hilton, Riverside Majestic and Grand Margherita is nearing completion. This 23-storey building which includes 2 retail floors will offer panoramic views of the city and Sarawak River. The hotel which is developed by Permata Kenyalang Sdn Bhd will be managed by Europe's leading hotel group, ACCOR.

Kuching Tower, a 33-storey giant of a building will be built in tandem with the construction of the new Borneo Convention Centre on a six-hectare site at the Kuching Isthmus, near Demak Laut. With the Convention Centre well in progress and due to open by 2009, the Kuching Tower, which is to be built on a site adjacent to the Convention Centre, is envisioned to take off anytime soon. The hotel will occupy the top 18 floors of the building with the rest of the floors devoted to retail and other services. This integrated convention and hotel centre aims to enable Kuching to host major national and regional conventions, expositions and trade shows which have been actively promoted by the Sarawak Convention Bureau set up in 2007.

Hock Lee Condominium refurbished and renamed 360 Hotel

The developer of 4 Points by Sheraton Kuching, M/s Global Upline Sdn Bhd, is also planning to build another 4-star, 220-room hotel at Tabuan Road in Kuching, initially planned to be completed by 2009. However, as yet, no signs of construction activity has been seen on site.

A 3 to 4-star boutique business and tourist hotel is currently underway as part of the development plan for the Plaza Merdeka Complex sited at the old Kuching town centre. This 290-room hotel is expected to be operational in the second half of 2010. Rakyat Elite Sdn Bhd is the developer, while Times Metropolitan Sdn Bhd is the sales and leasing company for the project.

These five new properties, namely, the 4-Points by Sheraton Kuching, Novotel, Plaza Merdeka, Kuching Tower and the Tabuan Road Hotel, will double the number of 4-5 star hotels in Kuching. The existing 4 to 5-star rated hotels are Holiday Inn Kuching, Crowne Plaza Riverside Kuching, Hilton Kuching and Merdeka Palace Hotel and Suites that collectively provide about 1,100 rooms.

There has been a lull in hotel additions for the past decade or so, the last being Somerset Gateway which started operations in 2001 as a service apartment. This latest addition of 3 to 4 star hotels will fill up the void of star-rated hotels in Kuching.

Dormani hotel near the old mosque opened in July 2008

It is noticed that Kuching, akin to the rest of Sarawak, has many leisure accommodations in the form of budget inns occupying mostly shophouses, hostels, lodging and rest houses but few purpose-built hotel buildings. In recent years, there has been a spurt in small, boutique style guest houses with local elements of design, offering basic but clean and sleek facilities in Kuching, to cater for the budget travelers looking for an authentic feel of Sarawak. In fact, Sarawak has the most number of holiday accommodations at 296 units *(Source : Leisure Property Stock Report, Q3 2008)* offering 12,941 rooms. However, slightly more than 50% are unrated lodgings with 3 to 5 star hotels making up only about 10% of the total stock. However, the latter contribute about 40% of the total number of hotel rooms for Sarawak.

Due to the competitive nature of the hotel industry and to enhance the economic viability of the sector, a few hotel businesses have also either changed their corporate structure by going local or re-packaged and re-invented themselves by undergoing or planning to undergo refurbishment/facelift/makeover by mid 2009 to keep up with the changing times. Examples are Holiday Inn Kuching and Crowne Plaza Riverside Kuching which effective 1st January 2009 were renamed Grand Margherita Hotel and Riverside Majestic Hotel respectively with the former jointly owned by SEDC and STIDC and the latter wholly owned by SEDC.

Recent open sky policies have enabled the servicing of the Kuching routes by low cost carriers such as Tiger Airways, SilkAir and most recently, Jetstar, for international destinations like Singapore, Macau and Indonesia.

Tune Hotel.com-waterfront Kuching opposite Hilton Hotel opened in March 2009

With improving air access to Kuching as the gateway to Sarawak and Sarawak's increasing popularity as a tourist destination, more investors are now prepared to bring on room stock as soon as possible. This will help to alleviate seasonal shortages of rooms especially around major events such as the annual World Rainforest Music Festival and World Jazz Festival.

HOTEL SECTOR BOOST FOR KUCHING

Road leading up to 4 Points by Sheraton

Workers adding in the finishing touch to TheLimeTree Hotel scheduled to open by end March 2009

Plaza Merdeka Hotel under construction at the former Merdeka Square site opposite the Padang Merdeka

Boulevard Extension Site under construction

Borneo Convention Centre @ Kuching Isthmus sharing site with upcoming Kuching Tower Hotel

Site for the newly planned Tabuan Road Hotel by Global Uplines Sdn. Bhd

Cont'd Pg.12

MINI BUDGET - 2nd STIMULUS PACKAGE (announced on 10/3/2009)

Value : RM60 billion

4 thrusts of the Pacakage :

- *RM2 billion to reduce unemployment and increase job opportunities*
- *RM10 billion to ease the burden of the Rakyat*
- *RM29 billion to assist the private sector*
- *RM19 billion to build capacity for the future*

What's in the Package :

- *Guarantee Funds – RM 25 billion*
- *Fiscal Injection – RM15 billion*
- *Equity Investments – RM10 billion*
- *Private finance initiative – RM7 billion*
- *Tax Incentives – RM3 billion*

Effects on the property sector :

- *Tax relief on interest paid on housing loans up to RM10,000 a year for 3 years will encourage house purchasers as the exemption lowers their tax bracket;*
- *Additional RM200 million for public low cost housing schemes;*
- *Incentives for bank to defer repayments of housing loans*
  - *Banks to defer repayments by retrenched workers for one year;*
  - *Interest income related to the deferment to be taxed only when such interest is received.*

Effects on the State :

- *RM1.95 billion to build and upgrade schools and school facilities especially in rural areas, Sabah and Sarawak;*
- *RM230 million to increase utilities supply to rural areas especially in Sabah and Sarawak;*
- *RM350 million for rural road construction;*
- *RM500 million for maintenance of public infrastructure projects, with emphasis on Sabah and Sarawak;*
- *RM1.2 billion for providing infrastructures and increasing economic activities in Sabah and Sarawak.*

BNM ANNUAL REPORT 2008

BNM Growth Indicators (% change)

	2007	2008 p	2009 f
Real GDP	6.3	4.6	-1% to 1%
Domestic Demand	9.8	6.9	2.9
Private Sector	10.6	7.1	-0.3
Public Sector	7.9	6.5	11.4
Exports	4.2	1.5	-16.6
Imports	5.4	2.2	-14.9
Inflation	2.0	5.4	1.5 - 2.0
Unemployment	3.2	3.7	4.5
Fiscal Deficit	3.4	4.8	7.6
Outstanding loans	10.3	13.2	-
SMEs loans	9.1	9.4	-
KLCI	31.8	-39.3	-

p - preliminary
f - forecast

BNM Opinions :

- *Full impact of the global downturn to be felt this year.*
- *Malaysian Economy will contract in the 1st half with recovery in the 2nd half.*
- *Fiscal spending packages and interest rate cuts, to spur the economy.*
- *Domestic demand is likely to be the main support for the economy, anchored by public sector expenditure and private consumption.*
- *Consumer spending weak affected by higher retrenchments and less favourable employment prospects.*
- *Public sector expenditure will be buoyed by the Government's pump-priming 1st and 2nd Stimulus Package of RM7bil and RM60bil respectively.*
- *The manufacturing sector expected to contract by 8% this year dragged especially by the dipping electrical and electronics sector.*
- *The services sector, meanwhile, will remain the anchor for the economy with a relatively moderate growth of 4.5% and contributing 2.5% to the overall GDP growth.*

Source : BNM Annual Report 2008, 25/3/2009

ECONOMY

Economic Challenges facing Malaysia

Recent trade figures such as the following gave a telling sign of the challenges that await the Malaysian economy:

i. **Decline in GDP growth** – December exports fell 14.9% while imports fell 23.1%, the biggest slide since 2001;
ii. **Slump in Electronics & Electrical sector** – 16.7% drop in global demand for semi-conductors in December 2008. Most local E & E companies have slumped by 50% to 80%;
iii. **Retrenchment and pay cuts** – More retrenchment to come in the 2nd half of the year as the company is left with reducing work force or reducing salary after having exercised other cost-cutting options;
iv. **Reduced consumer spending** – drop in sales and profitability due to more stringent household budgets;
v. **Drop in car sales** – MAA revised downward its forecast car sales to 480,000 units, a 12.4% drop versus last year;
vi. **Unfavourable rate of exchange** – as the Ringgit weakens against other major currencies especially the yen and US dollar.

Source : The Star, 16/2/2009

GDP Forecast (% year-on-year)

Financial Institutions	2009	2010
BNM (2008 Annual Report)	**-1% to 1%**	**NA**
MiER	**1.3 ***	**3.8**
Action Economics	-3.0	4.0
Affin Investment Bank	0.9	3.5
AmResearch	-2.0	0.6
Bank Islam	-2.1	1.5
Credit Suisse	0.5	4.0
CIMB Investment Bank	0.8	3.0
Citi	0-1.5	3.5
DBS Bank	-1.2	2.7
HSBC Bank	-3.5	5.5
IDEAglobal	-1.7	2.8
Inter-Pacific Research	-1.5	3.0
JPMorgan Chase Bank	0.3	4.6
Kenanga Investment Bank	0.6	3.6
Maybank Investment Bank	-1.3	3.0
OSK Investment Bank	-1.0	2.2
RHB Research	-3.5	3.8
Standard Chartered Bank	-0.8	2.8
TA Research	0.8	1.5
Average	**-1.02**	**3.70**

Source : New Straits Times, 25/3/2009
** Revised from 3.4%"*

Malaysia – Outlook for 2009

- Contraction in exports and moderation in private investment
- Low commodity & oil prices
- 2009 GDP growth to slow much lower than 3.5%
- Rise in retrenchment especially in manufacturing activities, spilling into service sector

ECONOMY

CAR PRODUCTION & SALES FIGURES

	PRODUCTION				SALES			
	Feb		YTD Feb		Feb		YTD Feb	
	2009	2008	2009	2008	2009	2008	2009	2008
PV (Passenger Vehicles)	**36,985**	38,056	**69,406**	81,216	**33,281**	35,437	**67,604**	77,704
CV (Commercial Vehicles)	**3,647**	3,752	**8,653**	7,059	**3,394**	3,090	**6,872**	6,634
Total	**40,632**	41,808	**78,059**	88,275	**36,675**	38,527	**74,476**	84,338
% change	-2.81%		-11.57%		-4.81%		-11.69%	

- Car Sales in February 2009 was 1,126 units or 3% lower compared to the previous month due to :
  i. Low consumers' confidence
  ii. Stringent evaluation on applications for hire purchase loans
  iii. Commercial Vehicles sales came from back orders deliveries
- Sales volume for March 2009 is forecasted to be slightly better than February 2009 due to
  i. Slightly improved consumers' confidence
  ii. Longer working month

Source : Malaysian Automotive Association, 2009

Global growth to dip below zero in 2009

According to IMF, global economic growth could register negative growth for the 1st time in decades due to continued deleveraging by world financial institutions, and a collapse in consumer and business confidence, and feared no chance of recovery before 2010.

Source : The Borneo Post, 11/3/2009

ADB Outlook 2009 - Growth rate of GDP (% pa)

	2004	2005	2006	2007	2008	2009	2010
Central Asia	**9.4**	**11.5**	**13.3**	**12.0**	**5.7**	**3.9**	**4.8**
East Asia	**8.4**	**8.3**	**9.4**	**10.4**	**6.6**	**3.6**	**6.5**
China	10.1	10.4	11.6	13.0	9.0	7.0	8.0
Hong Kong	8.5	7.1	7.0	6.4	2.5	-2.0	3.0
Korea	4.7	4.2	5.1	5.0	2.5	-3.0	4.0
Taiwan	6.2	4.2	4.8	5.7	0.1	-4.0	2.4
South Asia	**7.3**	**9.1**	**9.0**	**8.6**	**6.8**	**4.8**	**6.1**
India	7.5	9.5	9.7	9	7.1	5.0	6.5
South East Asia	**6.5**	**5.7**	**6.0**	**6.4**	**4.3**	**0.7**	**4.2**
Cambodia	10.3	13.3	10.8	10.2	6.5	2.5	4.0
Indonesia	5.0	5.7	5.5	6.3	6.1	3.6	5.0
Laos	7.0	6.8	8.3	7.8	7.2	5.5	5.7
Malaysia	***6.8***	***5.3***	***5.8***	***6.3***	***4.6***	***-0.2***	***4.4***
Myanmar	13.6	13.6	13.1	11.9	-	-	-
Philippines	6.4	5.0	5.4	7.2	4.6	2.5	3.5
Singapore	9.3	7.3	8.4	7.8	1.1	-5.0	3.5
Thailand	6.3	4.6	5.2	4.9	2.6	-2.0	3.0
Vietnam	7.8	8.4	8.2	8.5	6.2	4.5	6.5
The Pacific	**3.8**	**2.9**	**2.0**	**2.8**	**5.1**	**3.0**	**2.7**
Average	**7.9**	**8.1**	**8.9**	**9.5**	**6.3**	**3.4**	**6.0**

Source : Asian Development Outlook 2009, 3/2009

Effects of the unfolding global economic crisis on Developing Asia :

i. The region is not spared and the worst is yet to come;
i. GDP growth rate for the region has slowed to 6.3% in 2008 (2007: 9.5%) and expected to decrease further to 3.4%;
iii. Inflation is expected to ease to 2.4% (2008: 6.9%) on continued slower economic expansion and falling commodity prices;
iv. Increasing unemployment especially in the industrial sector;
v. Increasing poverty especially in the less developed countries.

Remedies :

i. Fiscal stimulus measures/packages undertaken in various countries;
ii. Rebalancing developing Asia's growth toward domestic sources by mixing policies that strengthen domestic demand in the short and long run through private consumption and public investment;
iii. Regional and global efforts to address global imbalances.

Reduction in OPR

The Overnight Policy rate (OPR) has been cut for the 2nd time in the 1st 2 months of the year, the 1st on 21/1/2009 when the OPR was reduced by 75 bps to 2.5% from 3.25% (the last reduced rate since 24/11/2008) and most recently on 24/2/2009, the OPR was cut from 2.5% to 2.0% with the Statutory Reserve Requirements (SRR) being adjusted to 1% from 2% effective March 1. It is estimated to result in the release of more than RM5 billion of liquidity into the banking system. In a matter of 3 months, Bank Negara Malaysia (BNM) has slashed rates by up to 150 bps taking the policy rate to an all time low.

At the rate of the economic downturn, it is expected that the government would sharply revise down its 3.5% GDP forecast for 2009 to below 1.0%, with some research houses even predicting a negative growth. The moderating inflationary trend would allow more room for macroeconomic policy to support domestic demand until conditions in the global economy show signs of normalization.

A further rate cut of 50 bps has not been discounted should the global economy worsen to cushion the impending effect on domestic demand and employment. The announcement of a bigger stimulus package and mini budget for services sector by Mar 10 may ease some of the burdens shouldered by BNM to support the economy.

Source : Adapted from various sources / economic viewpoint of Kenanga Research, 25/2/2009

Reducing Overnight Policy Rate (OPR) and Base Lending Rate (BLR)

		Prior 24/11/2008	24/11/2008	21/1/2009	24/2/2009	Down since Dec 2008
OPR	BNM	3.50%	3.25%	2.50%	2.00%	150 bp
SRR	BNM	4.00%	3.50%	2.00%	1.00%*	300 bp
		Prior Dec 2008	**Dec-08**	**Feb-09**	**Mar-09**	
BLR	Commercial Banks	6.75%	6.50%	5.95%	5.55%	120 bp

*Source : WTWY Research, 2009 * Effective 1/3/2009*

NPLs higher but manageable

Non-performing loans (NPL) for Malaysian banks may be higher but manageable this year, at 5.5% by year end as the economy slows. NPL for 2008 had dropped 4.3% at the end of November, 2008 from 5.6% in December 2007, due in part to good recoveries of old debt, one-off NPL sales and early measures to keep NPLs low. However, most Asian banks, including Malaysian lenders, are expected to make profit this year despite the tough environment.

Source : NST, 22/1/2009

Additional Airlines Increase Tourist Potential for Sarawak

From March onwards, Kuching will be served by six (6) airlines, namely, AirAsia, Silk Air, Tiger Airways, Batavia Air, Malaysia Airlines and the latest, Jetstar. Although this cannot guarantee a corresponding increase in tourist arrivals, it will surely make the year's target of 3.2 million more achievable. More tourists are expected from Singapore whose number could reach more than 100,000. In 2007, there were already 41,000 Singaporean tourists visiting Sarawak when MAS and Silkair were the only 2 airlines serving the Kuching-Singapore route.

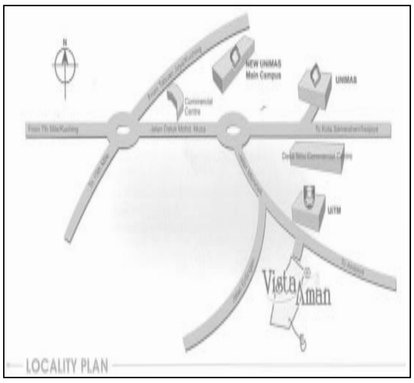
Source : Adapted from Borneo Post and the Star, 21/1/2009

NEW PROJECTS LAUNCHED

KUCHING

TRV I-PARK was recently opened for sale by Niche Dev. Sdn Bhd of Travillion Group of Companies, opposite their existing industrial development, Travillion @ Muara Tabuan. It consists of 24 units of semi-detached factories with average land area of 13.5 pts and price ranging from RM499,000 for the $1\frac{1}{2}$ storey units (183.8 sm) to RM565,000 for the 2 storey units (277.6 sm).

SAMARAHAN



Hock Seng Lee Construction Sdn Bhd recently launched Vista Aman, a residential development consisting of 68 units of terraced houses. For their initial launch, they are offering 20 units of single storey terraced house at RM152,888 and 16 units of double storey terrace house at RM229,888. The single storey terraced house has a land size area of 3.855 pts and walled up area of 735 sf and 750 sf for the intermediate and corner units respectively whilst the double storey terraced house has a land size area of 4.507 pts and walled up area of 1600 sf and 1625 sf for the intermediate and corner units respectively.

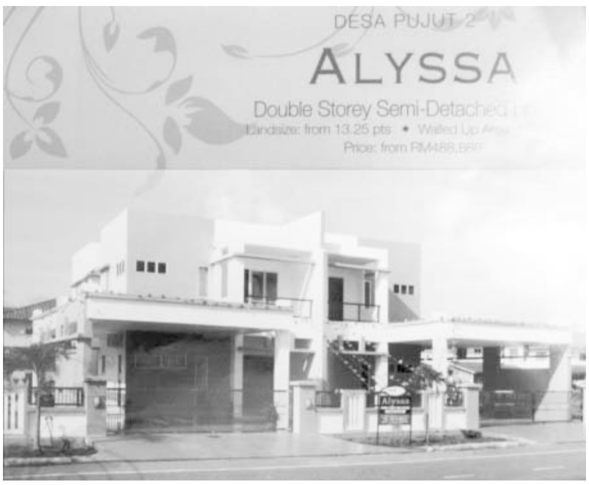
BINTULU

Taman Assyakirin Commerce

Date Launched	January 2009
Developer	Hock Peng Realty Sdn Bhd
Type Of Development	Commercial
Type of Property	3-storey shophouse
No Of Units	61
Price (RM)	RM678,000.00 to RM1,188,000
Land Area	111.6 to 220.6 s.m
Wall Up Area	22’ x 60’ / 24’ x 60’
Completion Date	Under construction
Location	Off Lutong-Kuala Baram Road

MIRI

Alyssa (Desa Pujut 2)



Date Launched	2009
Developer	Naim Cendera Sdn Bhd
Type Of Development	Residential
Type of Property	2-storey semi-detached dwelling house
No Of Units	10
Price (RM)	From 488,888
Land Area	From 536.2 sm
Wall Up Area	171.24 sm
Completion Date	Under construction
Location	Desa Pujut 2, Bandar Baru Permyjaya

NEW PROJECTS LAUNCHED (cont'd)

Grace Ville

Date Launched	2009
Developer	Yong Lung Construction Sdn Bhd
Type Of Development	Residential
Type of Property	2-storey terraced dwelling house
No Of Units	20
Price (RM)	RM368,00.00 to RM518,000.00
Land Area	NA
Wall Up Area	From 225.0 s.m
Completion Date	Under Construction
Location	Jalan Shangrila, off Jalan Bakam

Riverview Park

Date Launched	2009
Developer	Shin Yang Construction Sdn Bhd
Type Of Development	Residential
Type of Property	2-storey semi-detached dwelling house
No Of Units	32
Price (RM)	From RM348,800
Land Area	From 299.0 s.m
Wall Up Area	From 165.5 s.m
Completion Date	Under construction
Location	Off Lutong-Kuala Baram Road

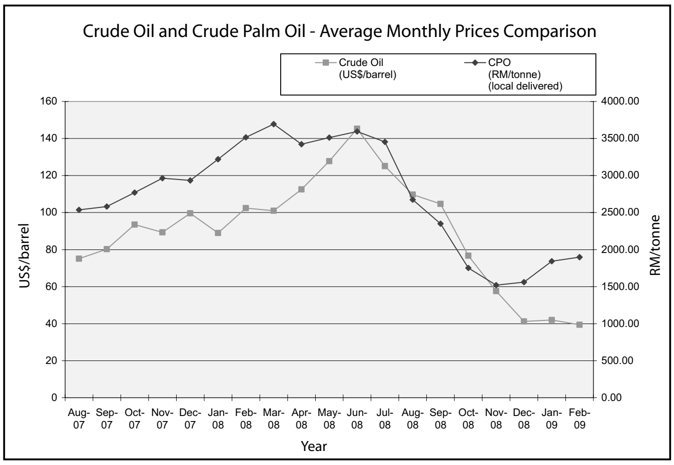
New Residential Projects launched for 1st Quarter 2009

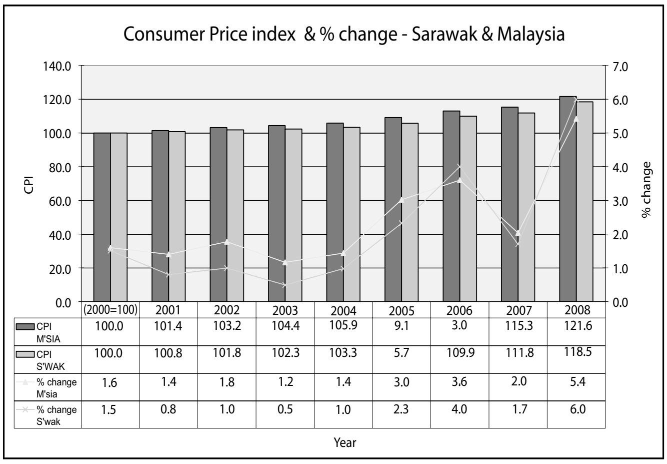
Type	Kuching	Sibu	Bintulu	Miri
DH1T	0 (51) [115]	0 (25) [349]	0 (0) [62]	44 (0) [595]
DH2T	0 (106) [566]	151 (398) [857]	0 (12) [60]	146 (60) [170]
DH1SD	0 (35) [143]	0 (0) [40]	0 (8) [14]	74 (12) [98]
DH2SD	0 (28) [132]	0 (100) [215]	0 (0) [22]	121 (128) [249]
DHD	0 (0) [0]	0 (0) [0]	0 (0) [0]	6 (0) [0]
Total	**0 (220) [956]**	**151 (523) [1461]**	**0 (20) [158]**	**391 (200) [1112]**

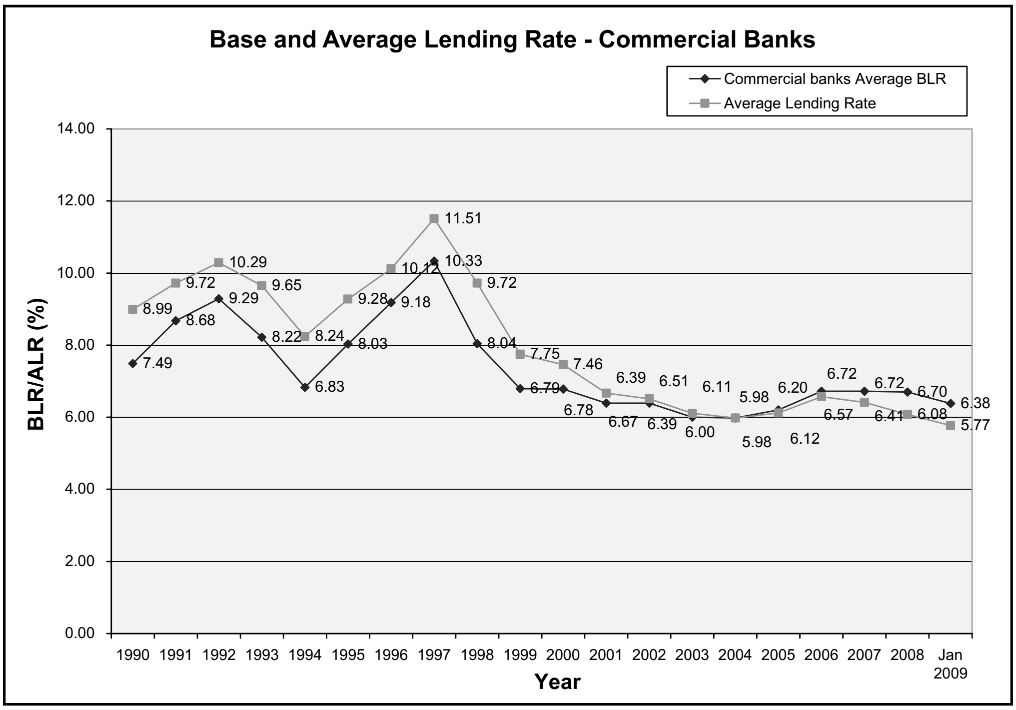
Source : WTWY Q1 2009 Survey
Figures in ( ) denote 1Q 2008 figures
Figures in [ ] denote whole year 2008 figures

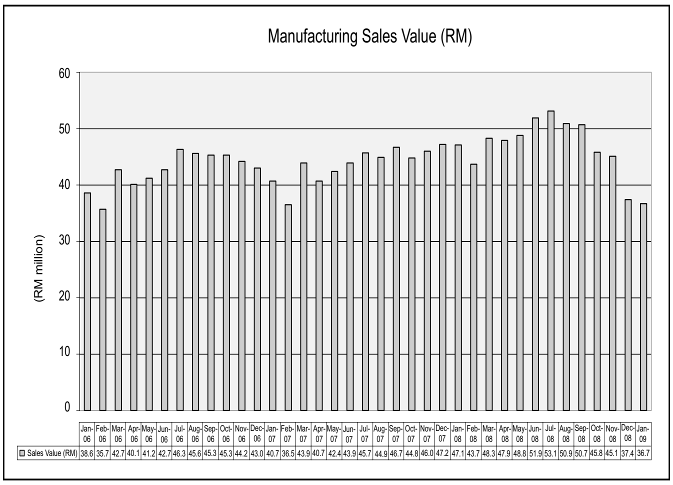
Note : DH1T – 1 - Storey terrace dwelling house
DH2T – 2 - Storey terrace dwelling house
DH1SD – 1 - Storey semi-detached dwelling house
DH2SD – 2 - Storey semi-detached dwelling house
DHD – Detached dwelling house

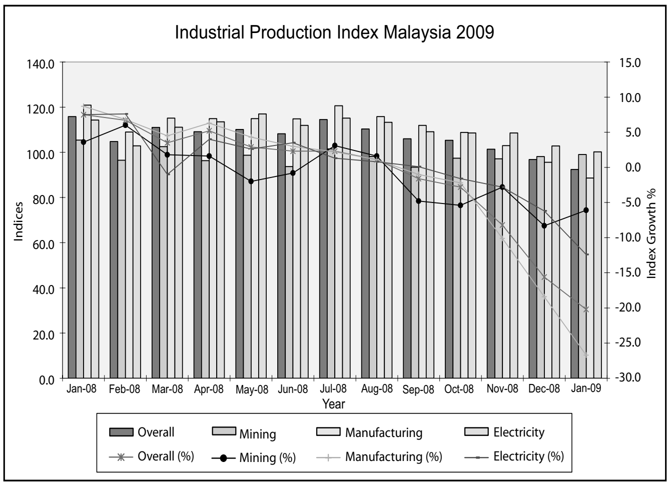
ECONOMIC INDICATORS











REITs performance in trying times

Like many other asset classes, Malaysia's real estate investment trusts (REITs) are trading below their net asset values (NAV), made worse by the softening property market and weakening rent yields.

The challenges facing REITs is not only the negative market sentiment towards equity, but also the inability to raise capital due to tightening credit. REIT managers in the country are trying to mitigate the effect by looking at various options to **raise capital,** acquiring properties prudently and focusing on existing assets to ensure strong tenancy.

The various REITs company have various strategies of their own such as :-

- More prudent in acquiring only properties which are yield – accreditive, at the same time growing its asset base.
- Using its newly acquired syariah-compliant status to appeal to a broader investment base both locally and abroad.
- Proceeding with refurbishment activities in order to attract potential clients and sustain asset values.
- Looking at logistics and value-based industrial and commercial retail assets.
- Actively manage the risks associated with changes in interest rates and capital markets.

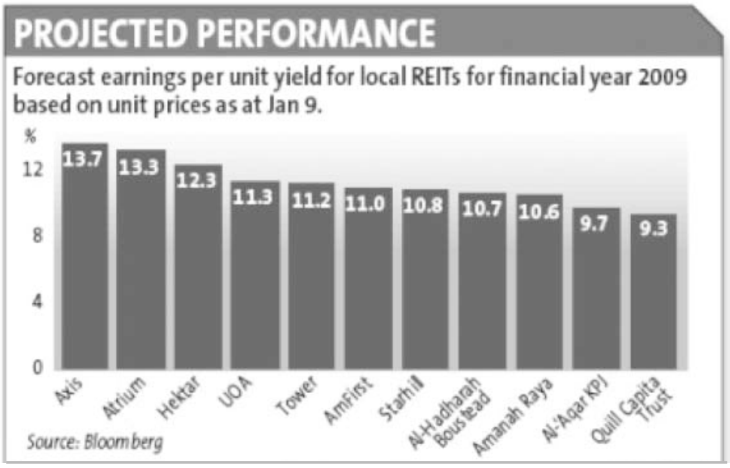
Although the earnings outlook for REITs for the first half year of 2009 was expected to be stable, outlook remains unclear until 2010 as to the actual impact of the global financial meltdown, particularly on the rental squeeze and the revised lower borrowing costs. Nonetheless, the net earning per unit yield is in excess of 11%, much higher compared with fixed deposit rates, which has been reduced to 2.5%.

The general opinion is that the REIT sector in Malaysia is still young with few players with a need for more players and investors to improve liquidity and vibrancy in the industry. The success of REITs will depend much on the government's stimulus packages and fiscal policies.

Source : Adapted from The Star Online, Monday February 23, 2009

REIT Performance as at December 2008

REITs	Discount to NAV (%)	Yield (%)
Tower	39.3	13.77
Star Hill	39.0	13.61
Atrium	38.8	12.47
Hektar	35.2	11.36
Axis	32.3	10.67
Amanah Raya	25.6	9.80
AmFirst	23.8	9.63
QCT	23.3	9.31
UOA	23.0	8.51
Al-AQAR KPJ	7.8	7.46
Al-Hadharah	5.7	5.63



Weaker Property Prices expected for 2009

Property prices and demand are expected to weaken by 5% to 10% in 2009 due to slower economic growth and a decline in foreign investment. However, the Association of Valuers and Property Consultants in Private Practice Malaysia (PEPS) expects a gradual correction rather than a property plunge as prices had peaked in the 3rd quarter of last year. So far, there is no panic selling as the property market is now more mature and less speculative. REITs cutting back on their acquisitions was partly blamed for the slowing property demand. Condominiums appear to be the sub-sector most affected by the downturn and condo prices are projected to come down by 20% to 30% due to the lack of foreign buying. Property launches are forecasted to slow down amidst a prolonged economic downturn. Property market development depends very much on domestic demand which is lacking as most adopt a wait and see attitude and opt to save. How resilient the market will be will depend on domestic demand and the recovery of the Asian giants including China.

Source : Adapted from StarBiz, 21/1/2009 and Borneo Post, 4/3/2009

Analysts expect recovery in the construction sector especially likely to be bolstered via a second stimulus package worth RM7bil to RM10bil to be pumped into "mega" projects. Even in a worst-case scenario forecast of a 0.5% GDP (gross domestic product) contraction this year, the construction sector growth is not expected to deteriorate to the extent of the 1997/1998 Asian financial crisis. However, it is reasoned this is only possible if the funds are channelled in quickly and mega projects started as soon as possible to boost the sector's growth. The speed of development of mega projects like the transportation upgrade including the West Coast Expressway (>RM3bil), Pahang-Selangor water transfer tunnel (RM3.8bil), Langat 2 water treatment plant (RM5bil) and the Bakun power transmission line will be crucial as RM61bil had been allocated for these projects.

Nevertheless, it cannot be denied that market conditions for the construction sector were tough due to the difficulty of funding large projects because of the credit crunch by financial institutions who are more cautious in their lending practices due to the global economic downturn.

Source : Adapted from The Star Online, 3/2/2009

Public Company Announcements

Sarawak Concrete Industries Berhad (SCIB) had on 10th March 2009 entered into a conditional Sale & Purchase Agreement with Influx Meridian Sdn Bhd (IMSB) to dispose off a parcel of land situated at Sungai Siol, Petra Jaya, Kuching, described as Lot 3328 Block 14 Salak Land District with an approximate area of 43 hectares, for a sale cash consideration of RM20 million.

Source : KLSE General Announcement Ref. No. : CC-090311-59294 dated 10/3/2008

Problems facing small contractors

Without an Act to protect contractors, a rising number of smaller contractors are facing case flow problems due to delays in payments, shrinking contracts as well as difficulty in getting loans due to more stringent operatives in the construction industry. Delay in payments have stopped stalled many contractors and suppliers remain unpaid. Some contractors have shifted their focus to renovation works from building works, as there are now less big projects.

However, despite the apparently tougher operating environment, there have yet been no major retrenchments happening in the sector. On the contrary, some contractors are still hiring.

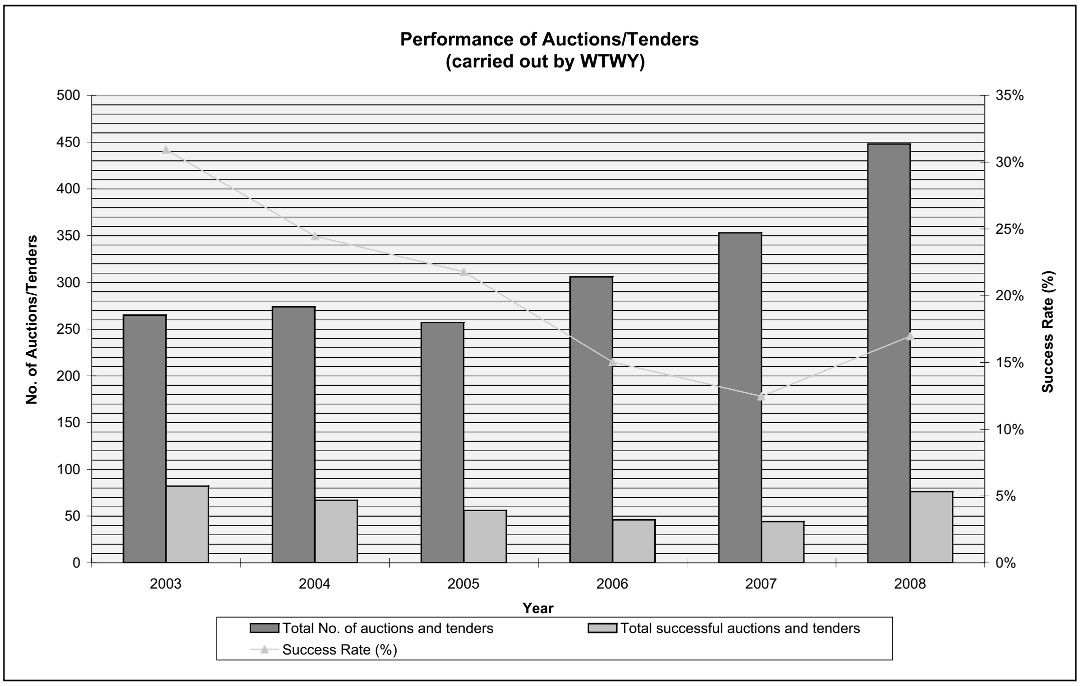
Adapted from The Star Online, 23/2/2009

Land compensations of RM15,714,672.68 were given to 426 land owners affected by 10 projects in Samarahan Division which cover an area of 883 hectares.

Source : The Borneo Post, 12/3/2009

Tanjung Manis Halal Hub (TMHH) was launched on 7/3/2009 as one of 4 designated halal parks in Malaysia. Tanjung Manis can be reached either by land, air via MASwings or Hornbill Skyways or river via Express Boat from Sarikei or Sibu. Initially geared towards the timber industry, Tanjung Manis Industrial Hub is expanding its scope of economic activities to now include upstream amd downstream halal food and manufacturing activities. The halal-based industries will include bio-tech aqua, marine and farming culture. Covering 16,000 hectares, so far 6 Taiwanese and 5 local firms have committed more than RM4 billion in investments to the TMHH with interests also shown by Middle Eastern and Japanese firms.

Source : The Sunday Post, 8/3/2009



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HOTEL SECTOR BOOST FOR KUCHING

(Cont'd From Pg.3)

4 - Points by Sheraton Kuching along Jalan Airport opened in March 2009

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Published By **C H Williams Talhar Wong & Yeo Sdn Bhd (24706-T)**
Address No. 9, (First Floor), Jalan Song Thian Cheok, P.O. Box 2236, 93744 Kuching.
Tel 082-246262

Printed By **WISMA PRINTING SDN. BHD. (287428-U)**
Address Lot 1949, Section 66, KTLD, Pending Industrial Estate, Jalan Tekad, 93450 Kuching.
Tel 082-338131