

OFFICE SECTOR

Klang Valley
Second Quarter of 2009



SUPPLY as at 2Q 2009:

Zone	Qtr	New Building	New NLA	Total NLA
KL	2Q 09	KL Pavilion – DBKL Office, Menara Commerce, Quill 7 @ KL Sentral and Menara Perkeso	1.37 mil sq ft	57.45 mil sq ft
SUB	2Q 09	Menara BATA, Menara Batu Kawan, Puchong Financial Corporation Centre & Prima 9	0.82 mil sq ft	17.69 mil sq ft
Total KV			75.14 mil sq ft	
Future Supply	2009	BSC Office Suites, G-Tower, PJ Trade Centre (3 blocks), MIDA HQ KL – Sentral, Quill HQ – KL Sentral, SSM HQ – KL Sentral, Surian Tower, The Icon, Menara UOA Bangsar (2 blocks), Fraser Place Corporate Office, Menara PJD, Lot 4C11 – Putrajaya, Tropicana City Office Tower & Dana 13		
	2010	HSBC New Headquarters, One Mont' Kiara, Petaling Jaya Exchange, PJ City Blocks C & D, Menara Worldwide, First Subang, Empire Subang – Empire Tower, D'Tiara Office Tower, 1 First Avenue, TRW Boulevard Square, Proposed Office at Sec 13, Shah Alam, Hampshire Place & Menara Kencana		

DEMAND as at 2Q 2009:

- Vacancy rate registered at 13.57% during 2Q 2009, comprising 11.33% and 21.02% in KL and SUB respectively
- Take-up registered about 214,000 sq ft during the review period
- Selected major movers in 2Q 2009:

Zone	Major Movers	Building (New Location)
KL	CEO Suite Sdn Bhd	Quill 7 @ KL Sentral
	Nokia Semen Networks	
	AXIATA Group Bhd	
SUB	KL Kepong Bhd	Menara Batu Kawan
	Salesforce Contract Centre Sdn Bhd	Jaya 33

- Average prime rentals in KL stabilized at a range between RM5.50 and RM8.00 per sq ft
- Prime capital values and yields in KL registered RM810 per sq ft and 6.5% – 7.0% respectively

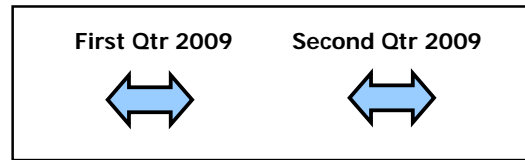
OTHER RELATED NEWS:

- The office sector is beginning to experience the effects of the global financial crisis and weaker market sentiment. Easing demand has resulted in downward pressure on both rentals and occupancy rates
- During the past 3 months some rentals were concluded at about 5% - 10% lower despite the general asking rentals remaining at 2008 levels
- In June, it was announced that Hap Seng Consolidated Bhd is expected to acquire 50% stake in Inverfin Sdn Bhd who owns Menara Citibank
- Wisma Dijaya was acquired by Flamingo Projects Sdn Bhd (subsidiary of TA Enterprise Bhd) for RM26 million (equivalent to RM369 per sq ft)
- Peremba Square Block C was purchased by Lembaga Tabung Haji at RM18.1 million (equivalent to RM282 per sq ft)
- Sunway City Bhd (SunCity) who has spent a year refurbishing Wisma Denmark at a cost of RM26 million, has rebranded it to Sunway Tower 2 and managed to secure 100% tenancy for the building, with notable tenant including Ranhill Worley Parsons Sdn Bhd

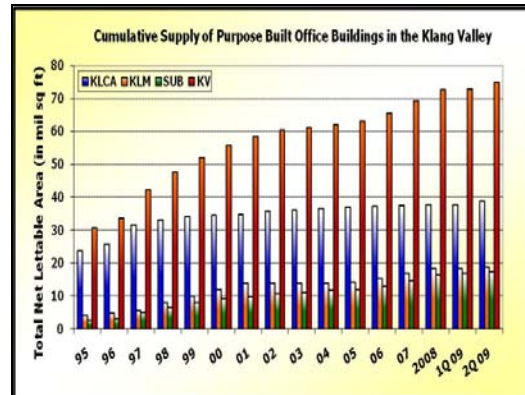
SUMMARY / OUTLOOK:

- The global downturn has also resulted in some developments which were scheduled for completion in 2010 to be deferred to a later date; new supply of office buildings expected to complete by end 2010 is about 9.32 million sq ft, with KL contributing some 56% from this new office supply
- While there may be some expectations of economic improvement in the 2nd half of 2009, the positive effect may not be immediate on office space despite the recent liberalization measures unveiled by the government, as it may take a lag of 6 months or so for the office market to take effect
- Rentals are expected to come to a more realistic level in tandem with 2007 level, viz. ranging between RM5.50 – RM6.00 per sq ft per month
- Capital value of prime office buildings are expected to remain stable in the short term

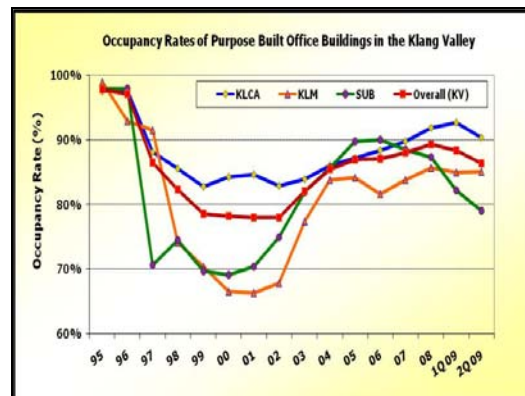
PERFORMANCE



CUMULATIVE SUPPLY



AVERAGE OCCUPANCY RATES



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Unless otherwise stated, all currencies are expressed in Ringgit Malaysia (RM)

All dimensions are expressed in square feet.

(1 square metre = 10.7639 square feet)