

Southgate

Kuala Lumpur, Malaysia



Key
Facts

Exclusive Commercial Opportunity

- SOUTHGATE:** Exclusive opportunity to invest in a **prime Grade 'A' Office** development in Kuala Lumpur, Malaysia.
- LOCATION:** Strategically located in the midst of an integrated commercial and leisure hub situated along Jalan Tun Razak, one of the major arteries of KLCC. **5 Minutes away from the city centre.**
- THE DEAL:** **20% cheaper** than average for the rest of Kuala Lumpur commercial property market.
- 80% LTV mortgages**, investors are able to purchase an office suite from as little as **£18,000 cash down.**
- MARKET:** There is a distinct lack of supply for quality office stock in Kuala Lumpur. 2008 occupancy levels for office buildings in KL reached **86% with prime offices achieving 96% respectively.** It is estimated that new office supply will only meet demand within the next 3 years, with rents continuing their appreciating trend through this period.
- RETURNS:** **Gross yields of 8% are expected .**
- SECURE:** Government legislation positively encourages foreign property investment. The market has seen limited effects of the sub prime crisis due to strong domestic demand. Malaysia has a positive trend of stable inflation and interest rates.
- RESULT:** Take advantage of this limited opportunity to **invest in one of the most dynamic and undervalued real estate markets in the world.** A market which is rapidly aligning itself as the primary global centre for Islamic finance and banking. With such a lack of Grade A office supply available in the city, capital appreciation and rent returns are **likely to remain healthy for the foreseeable future.**

The Market

ECONOMY

The Malaysian economy grew in 2008 by approximately 5.1% following its strongest performance in three years in 2007 with the economy growing by 6.3%.

Although export performance for 2008 had been weak during the year, domestic demand is expected to have sustained growth in 2008. Strong private consumption is likely, given favourable consumer sentiment, low inflation, high commodity prices, and declining interest rates.

The country's inflation rate has been stable over recent years and the recent spike in global inflation has subsided in the latter part of 2008. Malaysia's inflation is expected to moderate in the coming years.

Malaysia is ranked the 14th most attractive country in terms of FDI which has increased by 69% in 2007.

Malaysian Property Market

Sentiment in Kuala Lumpur's office market remained positive in 2008; due to Malaysia's strong economic growth resulting in rising occupancy levels, appreciating rents and growing interest from investors.

The lack of space has seen rents increase by approximately 15-20% in the first half of 2008 taking the average rental to RM7.50 psf in KL City. In 2007, the average occupancy levels of Grade 'A' office space in the Golden Triangle reached 96%; current estimates are for vacancy levels to drop even further. According to a CLSA Report; rents are expected to continue their appreciating trend for the next 2 years increasing by 10% per annum.

Malaysia's property market as a whole still remains relatively undervalued compared to other countries. However the strong performance of the property market in 2007 in particular within the KLCC region; has resulted in residential prices appreciating by 7.9% on the back of 5.3% in 2006 and 6.5% in



2005. Malaysia is likely to continue to see strong capital growth particularly within the capital and surrounding suburbs.

The reason behind this growth can be attributed to the performance and stability of the Malaysian economy and the government's commitment to make Malaysia an attractive property investment destination. The government has abolished rent control and eased foreign ownership laws and in April 2007; abolished Capital Gains Tax (CGT).

The cash injection of RM 9.6 billion (USD 2.65 billion) from employees withdrawing from their Employees Provident Fund into their mortgages will also result in increased liquidity within the property market.

A total of 142,963 transactions worth RM33.34 billion (USD 9.20 billion) were recorded in the first half of 2007, an increase of 11.7% when compared to the first half of 2006 with the residential property market accounting for 62.6% of the total volume and 45.8% of the total value.

The growth in the property market has also extended to tourist areas such as Port Dickson with several development offering guaranteed rental returns and other attractive investment options.

The government is intent on making Malaysian property more investment friendly, and these changes should limit the slowing of the market (in terms of price sustainability and yields) that some had anticipated in light of the number of high-end condominium developments coming onto the market.

Why Malaysian Property?

There are a host of positive factors for investing in Malaysian Property:

- 2007 saw economic growth of 6.3%; its fastest growth in 3 years.
- Limited effect of sub prime crisis due to strong domestic demand.
- Stable inflation and interest rates.
- Increasing human capital and rising earning power.
- Service sector is the fastest growing areas of the economy.
- Ninth Malaysian Plan will see a further RM220 Billion (USD 61 billion) invested into development and economic projects.
- In 2008 the government will allow EPF withdrawals to be put into housing loans.
- Declining corporate tax rate.
- The Malaysian Ringgit is likely to appreciate in 2009/10.
- Low unemployment (below 4%).
- Ranked 14th country in the world in terms of FDI attractiveness.
- FDI increased by 69% in 2007.
- Rapid urbanisation.
- Government legislation encouraging foreign property investment.
- Property prices are still considered to be undervalued when compared to other cities in Asia.
- Buying costs are very low in Malaysia at between 3.4% to 6.75% of the property value, including agent's commission.
- Strong domestic demand in the property market.
- Stable capital appreciation and rental yields.
- LTV 70% and low interest rates.
- Strong demand for commercial property
- Appreciating rental income



Location

Kuala Lumpur City

Southgate is located at the Southern Gateway of KL City on the boarder of the Golden Triangle and is only 5 minutes away from the city centre. The distinctive landmark is highly accessible via major roads such as Jalan Tun Razak, Jalan Dua, Jalan Sungai Besi, and Jalan Loke Yew. Major highways in the vicinity include the BESRAYA eastern extension as well as the SMART motorway tunnel.

This prime business location makes it a 'natural traffic magnet' due to its prominent visibility that draws the attention of approximately half a million cars driving through everyday.

Location Map



The Development

Development Southgate

Anticipated Completion Date: Q3 2011

Tenure: Freehold

Type: Prime Grade

Southgate features a modern European themed design, inspired by the Xintiandi development in Shanghai. It will house creative work spaces, F & B outlets, and retail and office units.

The development will consist of a total of 5 blocks. The main Corporate Building will be a 8 story building fronting Jalan Tun Razak and the Apex Block, a 7 storey building facing Jalan Dua and build up areas of approximately 232, 281 sqf and 90, 126 sqf respectively. Both of these blocks are intended for enbloc sale.

The other three blocks named Vox, Vivo and Verve are encapsulated within the main Corporate Building and enjoy inter connectivity through the unique atrium space. These will be made up of 226 units of office suites with built-up areas of 582 sqf to 1, 712 sqf and 64 retail units from 535 sqf to 2, 187 sqf.

Facilities & Amenities

- High-speed wireless broadband infrastructure.
- Active and passive security system.
- Ample parking bays.

Office Suites

Southgate has 2 different types of offices suites. Property Frontiers has been allocated a range of Standard Office Suites ranging from 674 sq.ft to 1,362 sq.ft and Duplex Office Suites ranging from 877 sq.ft to 1,723 sq.ft.

Building Specifications

Your portfolio consultant will be able to provide you with a complete set of Building Specifications.

Parking

There are 1,056 parking bays for customers and tenants. These can be rented out on a seasonal basis. Tenants can rent the parking bays directly from the developer.

Security

Southgate has active and passive security systems.

Accessibility

Southgate is strategically located in the midst of an integrated commercial and leisure hub situated along Jalan Tun Razak, one of the major arteries of KLCC.

Office Suite Price List

Property Frontiers have prices ranging from RM 501,110 (approx GBP 86,000) to RM 925,744 (approx GBP 159,000)

The Opportunity

Property Frontiers have secured an exclusive allocation of just 15 units in this prime mixed use development.

Within Kuala Lumpur's there are very few developments of this nature, and indeed there remains a distinct lack of Grade A office space across the city as a whole. During the first half of 2008, average occupancy of office buildings in KL reached 86% with prime offices achieving 96% respectively; current estimates are for vacancy levels to drop even further.

Major companies now looking to relocate into KL City Centre are unable to do so due to the limited supply. It is estimated that new office supply will only meet demand within the next 3 years and rents are likely to continue their appreciating trend through this period.

Comparables

BUILDING NAME	LOCATION	LETTABLE AREA (Sq.Ft)	PRICE / Sq.Ft (RM)
Glomac Tower	Jalan Pinang/Jalan P. Ramlee	515,003	1,120
Tower 2, CapSquare	Jalan Munshi Abdullah	600,000	732
Menara Felda	Jalan Binjai	689,000	930
Bangsar South (3 Towers)	Pantai Dallam	177,500	740
PJ City	Petaling Jaya	172,041	440
KUB.com Building	Jalan Yap Kwan Seng	198,000	437
Menara HeiTech Village	Subang Jaya	166,696	390
West Wing, Icon @ Tun Razak	Jalan Tun Razak	243,830	715
East Wing, Icon @ Razak	Jalan Tun Razak	263,435	900
Wismar UOQ Bangsar	Bangsar	43,743	732
Tower C, PJ Trade Centre	Damansara Heights	225,196	461
Development Average			RM 690
Southgate	Jalan Tun Razak		RM 536

As can be seen from the above table Southgate is competitively priced in terms of other new developments which are currently underway in KL. Given the current market conditions and sentiment; it is expected that capital values will continue to appreciate in the medium term.

When compared to developments situated within the same area (Jalan Tun Razak) Southgate's prices are seen as even more competitive.

Next Steps



To reserve a unit please contact your consultant.

 01865 202 700

 info@propertyfrontiers.com

for mortgage information please contact

 info@frontiersfs.com

Enquiry Form

Southgate, Kuala Lumpur, Malaysia

If you would like to speak to a consultant to discuss the Southgate development in more detail, please complete and return this form. When you view the form on a computer, you can type directly into the text fields, or select options with the mouse, before either submitting electronically, or printing and sending to us by post or fax.

Property Details

Unit Type (if known)

Do you intend to purchase using a Mortgage? Yes No

Would you like to be contacted by Frontiers Financial Services to discuss your mortgage requirements? Yes No

Personal Details

Please write clearly in block letters and black ink

Full Name

Date of Birth

Country of Residence

Gender (please circle) Male Female

Address

Post Code

Phone

Mobile

Email

Fax

Nationality

Occupation



Having completed the form you can [submit it electronically](#) by clicking the 'Submit Form' button on the left. Alternatively, print it out and either post it to [Property Frontiers, 102-104 St Aldate's, Oxford, OX1 1BT](#) or fax to [01865 244 466](#).