

## 8. IMR REPORT

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The information in this Section 8 is based on market research conducted by Protégé Associates commissioned by SPB Development for the purpose of the IPO.

Date: 18 September 2024

The Board of Directors  
SPB Development Berhad,  
No. 16 & 17, Plaza Seri Kubu  
Jalan Tan Chay Yan  
75300 Melaka

Dear Sirs/Madams,

### **Independent Market Research Report on the Property Development Industry in Malaysia** **("IMR Report")**

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this IMR Report for inclusion in the Prospectus of SPB Development Berhad ("**SPB Development**" or the "**Company**") in relation to its proposed listing on Main Market of Bursa Malaysia Securities Berhad.

We have been engaged to provide independent market research of the abovementioned industry in which SPB Development and its subsidiaries ("**SPB Group**", or the "**Group**") operate in. The market research process undertaken involved secondary research as well as detailed primary research when required, which involves interviews with the relevant stakeholders of the industry to discuss the state of the industry. Quantitative market information could be sourced from such interviews and therefore, the information is subject to fluctuations due to changes in business, industry, and economic conditions.

We have prepared this IMR Report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the boundaries and limitations of secondary statistics, primary research, and continued industry movements. Our research has been conducted to present an overall view of the industry and may not necessarily reflect the performance of individual companies in this industry. Protégé Associates is not responsible for the decisions or actions of readers of this report. This report should not be considered as a recommendation to buy or sell the shares of any company mentioned in this report.

Thank you.

Yours sincerely,



Seow Cheow Seng  
Managing Director

#### ***About Protégé Associates Sdn Bhd***

*Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.*

#### ***Profile of signing partner, Seow Cheow Seng***

*Seow Cheow Seng is the Managing Director of Protégé Associates. He has 24 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has a Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia.*

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**8. IMR REPORT (Cont'd)**

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The research for this IMR Report was completed in September 2024.

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**8. IMR REPORT (Cont'd)****1.0 Overview of the Property Development Industry in Malaysia**

Property development generally refers to activities involving the acquisition of land or existing buildings, constructing or improving them to increase their value and renting or selling them for a profit. Property developers may undertake a variety of property development projects, ranging from renovations or modernisation of buildings to residential and commercial developments.

In 2023, the Malaysian economy in terms of real gross domestic product ("GDP") slowed to 3.7% (2022: 8.7%) due to weak external demand but was supported by resilient domestic demand and recovery in tourism activities. As for property development industry, real GDP growth grew by 0.8% in 2023 (2022: 8.1%) supported by improved labour supply condition and easing of building material costs. For 2024, Malaysia's economic growth is projected to be between 4.0% to 5.0%, driven mainly by resilient domestic spending, robust tourism activities and exports recovery. Positive economic growth is anticipated improve confidence among property developers and investors' leading to more property launches.

In recent years, the Malaysian property development industry has experienced a housing supply-demand imbalances arising from oversupply of non-affordable housing and vacant commercial spaces, coupled with an undersupply of affordable housing. In response, the Malaysian Government has implemented various measures and initiatives such as construction of one million affordable houses in 10 years under the National Housing Policy 2018-2025, the Home Ownership Campaign which provides for stamp duty exemption on purchase of properties, and the Rent-to-Own scheme. Under Budget 2024, the Government has allocated RM2.47 billion for public housing projects, RM546 million and RM385 million for the construction of affordable housing projects under the Program Perumahan Rakyat ("PPR") and Program Rumah Mesra Rakyat, respectively, RM460 million to assist with building new houses or repairing debilitated homes in rural areas, and RM2.4 billion for the construction and maintenance of housing facilities for civil servants under the Special Task Force of Agency Reform. The National Property Information Centre ("NAPIC") suggests that affordable houses to be priced below RM300,000.

**Figure 1: Historical Size (Revenue) and Growth Forecast of the Property Development Industry in Malaysia, 2021-2028**

Year	Size (Revenue) (RM billion)	Growth Rate (%)
2021	22.94	-
2022	24.24	5.66
2023	24.45	0.86
2024 <sup>f</sup>	26.50	8.38
2025 <sup>f</sup>	27.72	4.60
2026 <sup>f</sup>	28.59	3.14
2027 <sup>f</sup>	29.89	4.55
2028 <sup>f</sup>	31.68	5.99

Compound annual growth rate ("CAGR") (2024-2028) (base year of 2023): 5.32%

Note: <sup>f</sup> denotes forecast

Sources: Department of Statistics Malaysia ("DOSM") and Protégé Associates

In Malaysia, the performance of the property development industry is associated with the levels of real estate construction (the construction of residential and non-residential buildings) activities in the country. In 2023, the property development industry in Malaysia in terms of total value of real estate construction activities, was valued at RM24.45 billion, which was an increase of 0.86% from RM24.24 billion in 2022. The growth was largely attributed to the stronger performance in the residential building subsector amid better income and employment conditions.

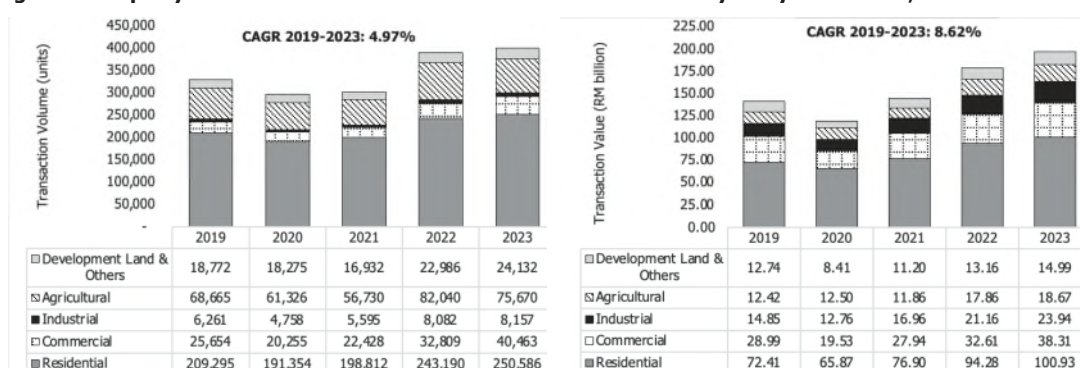
For 2024, the property development industry is projected to grow by 8.38% to reach RM26.50 billion, supported by Bank Negara Malaysia's ("BNM") intention to maintain the current Overnight Policy Rate ("OPR"), which indicate a stable and favourable interest rate environment. In addition, the industry's growth will likely be bolstered by resilient economic performance and strategic infrastructure developments such as the Johor Bahru-Singapore Rapid Transit System, East Coast Rail Link and the Pan Borneo Highway. These developments create opportunities for property developers to launch transit-oriented property projects. In 2023, Malaysia recorded RM329.5 billion in approved (domestic and foreign) investments in the manufacturing, services and primary sector, compared to RM267.7 billion in 2022, reflecting growing investor confidence in Malaysia's economic prospects, which augurs well for the property development industry.

Moving forward, the local property development industry is expected to keep expanding throughout the remaining forecast period until 2028 driven by factors including a persistent drive for affordable housing, ongoing major infrastructure developments, expanding economic activities, population growth as well as a stable interest rate environment. The local property development industry is forecast to reach RM31.68 billion in 2028, registering a CAGR of 5.32% for the forecast period of 2024 to 2028 (base year of 2023).

**8. IMR REPORT (Cont'd)****2.0 Performance of the Property Market in Malaysia**

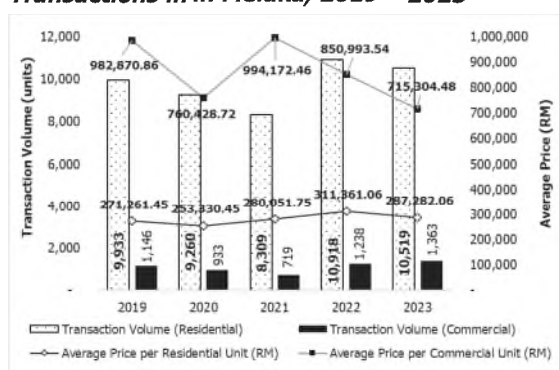
The performance of the Malaysian property development industry typically exhibits a positive correlation with the growth of the property market. In 2023, the Malaysian property market registered a total transaction volume of 399,008, reflecting a 2.5% growth in total transaction volume as compared to 389,107 in 2022. The value of property transactions in Malaysia increased alongside the higher number of property transactions, registering a 9.9% increase from RM179.07 billion in 2022 to RM196.83 billion in 2023.

Residential properties accounted for largest share of the market, both in terms of transaction volume and value with 250,586 transactions (62.80% of total transaction volume) worth RM100.93 billion (51.28% of total transaction value). This represents a 3.04% increase in terms of transaction volume and a 7.05% increase in terms of transaction value compared to the previous year. The commercial properties sub-sector recorded 40,463 transactions worth RM38.31 billion in 2023, an increase from 32,809 transactions worth RM32.61 billion in 2022. In the industrial properties sector, a total of 8,157 transactions worth RM23.94 billion were recorded in 2023, an increase from 8,082 transactions worth RM21.61 billion in 2022.

**Figure 2: Property Transaction Volume and Transaction Value in Malaysia by Sub-sector, 2019 to 2023**

Source: NAPIC

**SPB Group are principally involved in the property development business in Malaysia. The Group's property developments and landbank are located in Melaka, Kedah, Selangor, Johor, Perak and Penang. The sections below will focus on the performance of the residential and commercial property segment (particularly shop units) in the aforesaid states.**

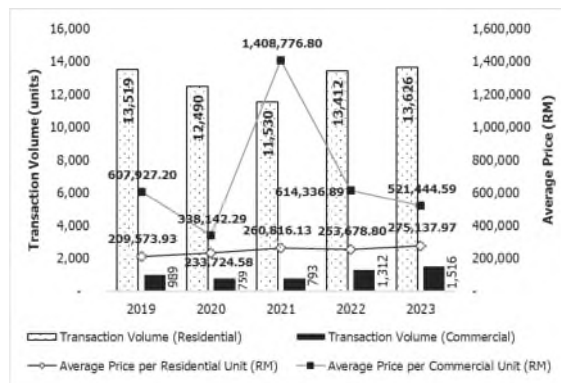
**2.1 Performance of Property Market in Melaka****Figure 3: Volume and Average Price of Residential and Commercial Property Transactions in Melaka, 2019 – 2023**

Source: NAPIC

- In 2023, Melaka recorded 10,519 residential property transactions worth RM3.02 billion, a decrease of 3.65% and 11.11% in terms of volume and value as compared to 2022.
- Residential properties below RM500,001 accounted for 92.01% of total transactions. In particular, the RM100,001 to RM200,000 bracket accounted for 28.58% of transactions, followed by the RM200,001 to RM300,000 bracket with a share of 27.65%.
- The residential overhang situation in Malaysia improved, with the number of overhang units decreasing by 23.67% to 532 units (2023: 697 units). There were 2,706 new residential units launched in 2023. As at the end of 2023, there were 215,732 existing residential units with another 24,562 units of incoming supply and 20,740 units of planned supply.
- Within the commercial property segment, Melaka recorded 1,363 transactions worth RM974.96 million in 2023, an increase of 10.10% in terms of volume but a decrease of 7.46% in terms of value as compared to 2022.

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- Commercial properties below RM500,001 accounted for 57.45% of total commercial property transactions. In particular, the RM300,001 and RM400,000 bracket accounted for 14.31% of total commercial property transactions, followed by the RM200,001 and RM300,000 bracket with a share of 12.84%.
- The overhang situation in the shop segment improved, with the number of overhang units decreasing to 192 units (2022: 277 units). As at the end of 2023, Melaka had 23,501 existing shop units with 1,241 units of incoming supply and 1,560 units of planned supply.
- Melaka's GDP reached RM46.9 billion in 2023 (2022: RM45.5 billion), contributing 3.0% to the Malaysia's total GDP. Melaka's economy is mainly driven by the services sector (51.2%), followed by the manufacturing sector (36.1%) and agriculture sector (10.3%). In 2023, Melaka recorded RM6.00 billion in approved investments, which grew at a CAGR of 22.05% from RM3.30 billion in 2020. Factors driving the property development in Melaka include government policies such as tax breaks for affordable housing developments and grants for first-time homebuyers. The Melaka Waterfront Economic Zone, focused on the manufacturing and logistics sectors, creates demand for commercial properties such as offices and warehouses. The economic zone includes the proposed Alor Gajah-Melaka Tengah Coastal Road project which will improve connectivity and accessibility, stimulating property development along the coastal areas. Melaka's status as a UNESCO World Heritage City and a popular tourist destination also appeals to investors and residents interested in preserving and promoting cultural heritage, driving demand for hotels, serviced apartments, and rental properties. Planned tourism projects such as the Sail Experiential Centre, Impression City, and the Melaka International Cruise Terminal will boost commercial activities and job creation, further driving demand for properties.

**2.2 Performance of Property Market in Kedah****Figure 4: Volume and Average Price of Residential and Commercial Property Transactions in Kedah, 2019 – 2023**

Source: NAPIC

- In 2023, Kedah recorded 13,626 residential property transactions worth RM3.75 billion in Kedah, an increase of 1.60% and 10.19% in terms of volume and value as compared to 2022.
- Residential properties below RM500,001 accounted for 92.35% of total transactions. In particular, the RM100,001 to RM200,000 bracket accounted for 28.66% of transactions, followed by the RM200,001 to RM300,000 bracket with a share of 25.47%.
- The residential overhang situation in Kedah improved, with the number of overhang units decreasing by 83.05% to 199 units (2022: 1,174 units). In 2023, there were 437 new residential units launched. As at the end of 2023, there were 352,419 existing residential units with another 16,006 units of incoming supply and 12,401 units of planned supply.
- Within the commercial property segment, Kedah recorded 1,516 transactions worth RM790.51 million, an increase of 15.55% in terms of volume but a decrease of 1.92% in terms of value as compared to 2022.
- Commercial properties below RM500,001 accounted for 73.61% of total commercial property transactions. In particular, the commercial properties below RM100,001 accounted for 25.59% of total transactions, followed by the RM100,001 and RM200,000 bracket with a share of 14.25%.
- The overhang situation in the shop segment indicated that the number of overhang units increasing to 356 units (2022: 314 units). As at the end of 2023, Kedah had 32,910 existing shop units with 911 units of incoming supply and 806 units of planned supply.
- Kedah's GDP reached RM51.8 billion in 2023 (2022: RM51.0 billion), contributing 3.3% to Malaysia's total GDP. Kedah's economy is mainly driven by the services sector (56.2%), followed by the manufacturing sector (29.2%) and agriculture sector (10.7%). In 2023, Kedah recorded RM28.73 billion in approved investments, which grew at a CAGR of 79.11% from RM5.00 billion in 2020. Kedah's proximity to Thailand offers easier access to raw materials and a larger talent pool for businesses, while its participation in the Northern Corridor Economic Region (NCER) benefits investors through improved infrastructure projects within the region.



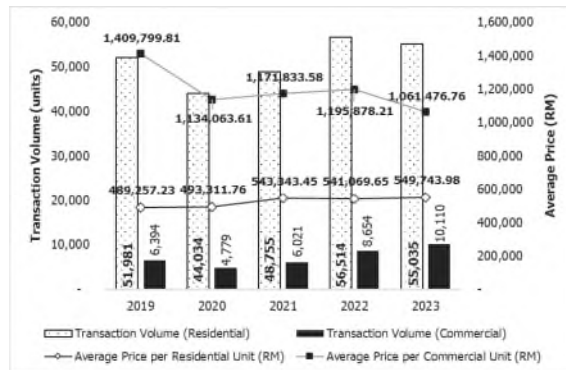
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- The development of industrial parks such as the Kulim Industrial Estate and Kulim Hi-Tech Park (KHTP) are expected to create demand for residential and properties, and positively impact the property market in Kedah. The Kulim Municipal Council has projected Kulim's population to grow from its current population of approximate 341,000 to reach 600,000 by 2035 due to its thriving manufacturing activities.

### 2.3 Performance of Property Market in Selangor

**Figure 5: Volume and Average Price of Residential and Commercial Property Transactions in Selangor, 2019 – 2023**

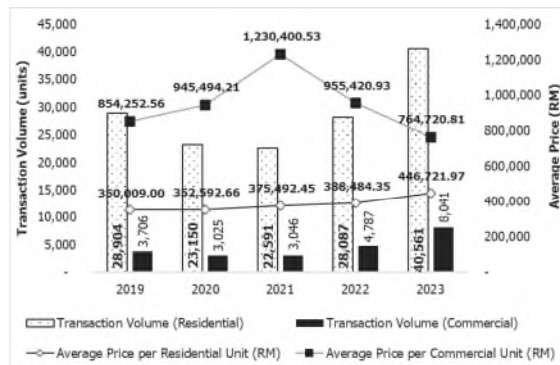


Source: NAPIC

- In 2023, Selangor recorded 55,035 residential property transactions worth RM30.26 billion in Selangor, a decrease of 2.62% and 1.06% in terms of volume and value as compared to 2022.
- Residential properties below RM500,001 accounted for 63.28% of total residential property transactions. In particular, the RM100,001 to RM200,000 bracket accounted for 15.74% of transactions, followed by the RM300,001 to RM400,000 bracket with a share of 15.16%.
- Within the commercial property segment, Selangor recorded 10,110 transactions worth RM10.73 billion in 2023, an increase of 16.82% and 3.69% in terms of volume and value as compared to 2022.
- Commercial properties above RM500,001 accounted for 54.45% of total commercial property transactions. For commercial properties below RM500,001, the RM200,001 and RM300,000 bracket accounted for 11.67% of total commercial property transactions, followed by the RM300,001 and RM400,000 bracket with a share of 11.02%.
- In 2023, the overhang situation in the shop segment improved, with the number of overhang units decreasing to 374 units (2022: 404 units). As at the end of 2023, Selangor had 113,923 existing shop units with 6,178 units of incoming supply and 3,341 units of planned supply.
- Selangor's GDP reached RM406.1 billion in 2023 (2022: RM385.2 billion), contributing 25.9% to Malaysia's total GDP. Selangor's economy is mainly driven by the services sector (61.0%), followed by the manufacturing sector (29.4%). In 2023, Selangor recorded RM55.26 billion in approved investments, which grew at a CAGR of 12.61% from RM38.70 billion in 2020. Selangor, a major economic hub in Malaysia, is home to multinational companies and boasts business parks such as Cyberjaya, the Subang Hi-Tech Park, Banting Industrial City and IOI Industrial Park. Further, Selangor's position as a centre for education with institutions such as Universiti Malaya and Taylor's University, and healthcare with facilities such as Subang Jaya Medical Centre and KPJ Damansara Specialist Hospital, attracts student, faculty, professionals and patients driving demand for residential properties and rental accommodation. These developments attract both local and foreign investors, driving demand for residential and commercial properties.

### 2.4 Performance of Property Market in Johor

**Figure 6: Volume and Average Price of Residential and Commercial Property Transactions in Johor, 2019 – 2023**



Source: NAPIC

- In 2023, Johor recorded 40,561 residential property transactions worth RM18.12 billion, an increase of 44.41% and 66.06% in terms of volume and value as compared to 2022.
- Residential properties below RM500,001 accounted for 68.12% of total residential property transactions. In particular, the RM400,001 to RM500,000 bracket accounted for 15.47% of transactions, followed by the RM100,001 to RM200,000 bracket with a share of 15.15%.

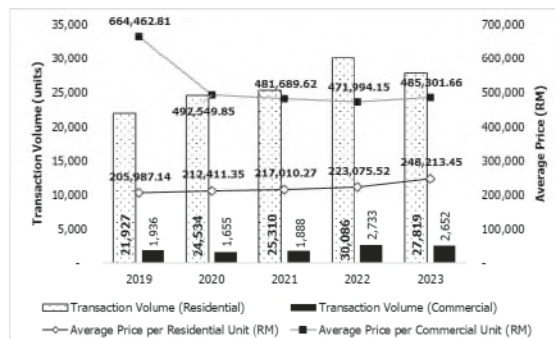
## 8. IMR REPORT (Cont'd)



- The residential overhang situation in Johor improved in 2023, with the number of overhang units decreasing by 19.59% to 4,228 units (2022: 5,258 units). In 2023, there were 12,390 new residential units launched. As at the end of 2023, there were 911,355 existing residential units with another 37,893 units of incoming supply and 42,173 units of planned supply.
- Within the commercial property segment, Johor recorded 8,041 transactions worth RM6.15 billion, an increase of 67.98% and 34.45% in terms of volume and value as compared to 2022.
- Commercial properties above RM500,001 accounted for 56.12% of total commercial property transactions. For commercial properties below RM500,000, the RM400,001 to RM500,000 bracket accounted for 12.16% of total transactions, followed by the RM300,001 and RM400,000 with a share of 10.10%.
- The overhang situation in the shop segment improved, with the number of overhang units decreasing to 1,517 units (2022: 1,731 units). As at the end of 2023, there were 98,103 existing shop units with 5,019 units of incoming supply and 4,623 units of planned supply.
- Johor's GDP reached RM148.2 billion in 2023 (2022: RM142.4 billion), contributing 9.5% to Malaysia's total GDP. Johor's economy is mainly driven by the services sector (54.0%), followed by the manufacturing sector (29.8%) and agriculture sector (11.6%). In 2023, Johor recorded RM43.06 billion in approved investments, which grew at a CAGR of 53.52% from RM11.90 billion in 2020. Johor's strategic location adjacent to Singapore and major ports like Pasir Gudang Port and Port of Tanjung Pelepas boast a diverse economic landscape. Pasir Gudang is a major industrial hub in Johor Bahru for manufacturing and heavy industries such as petrochemicals and shipbuilding. More recently, there's growing potential for development of data centre hub in Pasir Gudang. Major projects such as the Johor Bahru-Singapore Rapid Transit Systems link and the Johor-Singapore Special Economic Zone (JS-SEZ) are expected to strengthen economic and infrastructure connectivity, enhance cross-border trade and talent mobility, attract investments and positively impact the property market in Johor.

### 2.5 Performance of Property Market in Perak

**Figure 7: Volume and Average Price of Residential and Commercial Property Transactions in Perak, 2019 – 2023**



Source: NAPIC

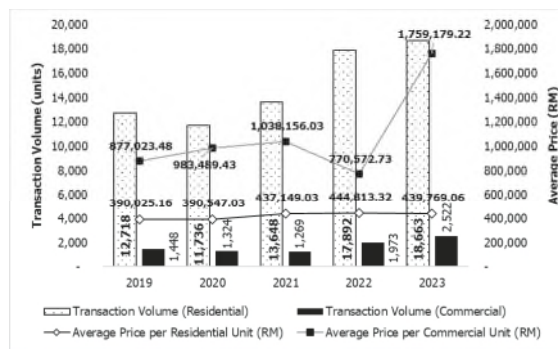
- In 2023, Perak recorded 27,819 residential property transactions worth RM6.91 billion in Perak, a decrease of 7.54% in terms of volume but an increase of 2.88% in terms of value as compared to 2022.
- Residential properties below RM500,001 accounted for 95.02% of total residential property transactions. In particular, the RM200,001 and RM300,000 bracket accounted for 32.71% of transactions, followed by the RM100,001 and RM200,000 bracket with a share of 23.27%.
- The residential overhang situation in Perak deteriorated in 2023, with the number of overhang units increasing by 98.88% to 4,598 units (2022: 2,312 units). In 2023, there were 5,443 new residential units launched. As at the end of 2023, there were 529,293 existing residential units with another 40,446 units of incoming supply and 37,231 units of planned supply.
- Within the commercial property segment, Perak recorded 2,652 transactions worth RM1.29 billion in 2023, a decrease of 2.96% and 0.23% in terms of volume and value as compared to 2022.
- Commercial properties below RM500,001 accounted for 67.27% of total commercial property transactions. In particular, commercial properties below RM100,001 accounted for 15.95% of transactions, followed by the RM200,001 and RM300,000 bracket with a share of 14.86%.
- The overhang situation in the shop segment improved, with the number of overhang units decreasing to 613 units (2022: 707 units). As at the end of 2023, there were 64,128 existing shop units with another 2,198 units of incoming supply and 3,048 units of planned supply.
- Perak's GDP reached RM82.6 billion in 2023 (2022: RM80.4 billion), contributing 5.3% to Malaysia's total GDP. The economy is mainly driven by the services sector (63.4%), followed by manufacturing (19.3%) and agriculture (14.2%). In 2023, Perak recorded RM8.50 billion in approved investments, growing at a CAGR of 14.92% from RM5.60 billion in 2020. The industrial sector is gaining traction with projects like the upcoming Silver Valley Technology Park and Meru Raya town, and Proton Holdings Berhad's relocation to Tanjung Malim by 2027, which are expected to create job opportunities and population

**8. IMR REPORT (Cont'd)**

growth. The newly completed West Coast Expressway (WCE) and the proposed Kerian Integrated Green Industrial Park in Kerian, targeting the electrical and electronic sectors, are expected to enhance connectivity, attract investments, and positively impact Perak's property market.

**2.6 Performance of Property Market in Penang**

**Figure 8: Volume and Average Price of Residential and Commercial Property Transactions in Penang, 2019 – 2023**



Source: NAPIC

- In 2023, Penang recorded 18,663 residential property transactions worth RM8.21 billion in Penang, an increase of 4.31% and 3.13% in terms of volume and value as compared to 2022.
- Residential properties below RM500,001 accounted for 74.07% of total residential property transactions. In particular, the RM200,001 to RM300,000 bracket accounted for 19.58% of transactions, followed by the RM300,001 to RM400,000 bracket with a share of 16.91%.
- The residential overhang situation in Penang improved in 2023, with the number of overhang units decreasing by 16.48% to 3,001 units (2022: 3,593 units). In 2023, there were 5,208 new residential units launched. As at the end of 2023, there were 549,799 existing residential units with another 30,685 units of incoming supply and 14,207 units of planned supply.
- Within the commercial property segment, Penang recorded 2,522 transactions worth RM4.44 billion in 2023, increase of 27.83% and 191.82% in terms of volume and value as compared to 2022.
- Commercial properties above RM500,001 accounted for 58.92% of total commercial property transactions. For commercial properties below RM500,001, the RM400,001 and RM500,000 bracket accounted for 11.14% of transactions, followed by the RM200,001 to RM300,000 bracket with a share of 8.96%.
- The overhang situation in the shop segment improved, with the number of overhang units decreasing to 94 units (2022: 143 units). As at the end of 2023, there were 40,069 existing shop units with 1,084 units of incoming supply and 1,882 units of planned supply.
- Penang's GDP reached RM116.0 billion in 2023 (2022: RM112.3 billion), contributing 7.4% to Malaysia's total GDP. Penang's economy is mainly driven by the services sector (48.0%), followed by the manufacturing sector (46.5%). Penang's reputation as manufacturing and industrial hub with a diverse range of industries, including the electrical and electronics, semiconductor, medical devices, aerospace and housed the production facilities of local and multinational companies and is bolstered by its industrial parks including Penang Science Park, Perai Industrial Area, Batu Kawan Industrial Park. Notably, in 2023, Penang recorded RM71.88 billion in approved investments, which grew at a CAGR of 65.00% from RM16.00 billion in 2020. The upcoming Bayan Lepas Light Rail Transit (LRT) is expected bolster the region's connectivity, drive growth for residential and commercial properties, positively impact the property market in Penang.

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**8. IMR REPORT (Cont'd)****3.0 Competitive Analysis****3.1 Industry Players**

SPB Group is principally involved in the property development business in Malaysia with ongoing developments in Melaka, Kedah and Johor as well as forthcoming development in Selangor. Protégé Associates has selected the following industry players for comparison with SPB Group based on the following criteria:

- the company is principally involved in the development of residential and commercial properties, particularly landed properties; and
- the company has market presence in Melaka or in the other states where SPB Group operates;

**Figure 9: Comparison between SPB Development and Selected Industry Players in the Property Development Industry in Malaysia**

Company	Locations of Developments in Malaysia	Type of Development	Latest Available FYE	Revenue <sup>(1)</sup> (RM mil)	Segmental Revenue <sup>(2)</sup> (RM mil)	GP <sup>(3)</sup> (RM mil)	PAT <sup>(4)</sup> (RM mil)	GP Margin <sup>(3)</sup> (%)	PAT Margin <sup>(4)</sup> (%)
<b>SPB Group</b>	<b>Melaka, Johor, Kedah and Selangor</b>	<b>Residential Industrial Mixed</b>	<b>31-12-2023</b>	<b>200.81</b>	<b>200.20</b>	<b>81.13</b>	<b>46.02</b>	<b>40.40</b>	<b>22.92</b>
<b>Comparable companies with revenue above RM1,000 million</b>									
Eco World Development Group Berhad	Johor, Kuala Lumpur, Penang and Selangor	Residential Commercial Industrial Mixed	31-10-2023	2,226.86	2,226.86	538.57	189.32	24.19	8.50
IOI Properties Group Berhad <sup>(5)</sup>	Melaka, Johor, Kuala Lumpur, Negeri Sembilan, Penang and Selangor	Residential Commercial Industrial Mixed	30-06-2023	2,593.08	2,371.10	1,095.39	1,400.36	42.24	54.00
LBS Bina Group Berhad <sup>(6)</sup>	Johor, Pahang, Perak and Selangor	Residential Commercial Mixed	31-12-2023	1,829.63	1,754.06	525.43	159.42	28.72	8.71
Mah Sing Group Berhad <sup>(7)</sup>	Johor, Kuala Lumpur, Penang and Sabah	Residential Commercial Industrial Mixed	31-12-2023	2,603.21	2,114.88	595.66	222.18	22.88	8.53
Paramount Corporation Berhad <sup>(8)</sup>	Kedah, Kuala Lumpur, Penang and Selangor	Residential Commercial Industrial Mixed	31-12-2023	1,012.25	973.68	n/a	95.08	n/a	9.39
Sime Darby Property Berhad <sup>(9)</sup>	Johor, Negeri Sembilan and Selangor	Residential Commercial Industrial Mixed	31-12-2023	3,436.95	3,235.37	1,008.95	417.53	29.36	12.15
S P Setia Berhad <sup>(10)</sup>	Johor, Penang, Sabah and Selangor	Residential Commercial Industrial Mixed	31-12-2023	4,373.64	4,064.70	1,341.30	357.11	30.67	8.17

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Company	Locations of Developments in Malaysia	Type of Development	Latest Available FYE	Revenue <sup>(1)</sup> (RM mil)	Segmental Revenue <sup>(2)</sup> (RM mil)	GP <sup>(3)</sup> (RM mil)	PAT <sup>(4)</sup> (RM mil)	GP Margin <sup>(3)</sup> (%)	PAT Margin <sup>(4)</sup> (%)
Tropicana Corporation Berhad <sup>(11)</sup>	Johor, Kedah, Penang and Selangor	Residential Commercial Industrial Mixed	31-12-2023	1,493.11	1,149.26	454.64	(133.16)	30.45	(8.92)
UEM Sunrise Berhad <sup>(12)</sup>	Johor, Kuala Lumpur, Negeri Sembilan and Selangor	Residential Commercial Mixed	31-12-2023	1,339.06	1,223.21	473.71	87.45	35.38	6.53
<b>Comparable companies with revenue ranging between RM100 million to RM500 million</b>									
GJH Holdings Sdn Bhd	Melaka, Negeri Sembilan, Selangor and Johor	Residential Industrial	31-12-2023	140.81	140.81	18.24	(3.67)	12.95	(2.61)
MB World Group Berhad	Johor	Residential	31-12-2023	428.65	428.65	147.63	56.51	34.44	13.18
Parkland City Sdn Bhd	Melaka, Negeri Sembilan, Selangor and Johor	Residential Commercial Industrial	30-06-2022*	268.65	268.65	89.03	41.37	33.14	15.40
Parkland Residence Sdn Bhd	Melaka, Negeri Sembilan, Selangor and Johor	Residential Commercial Industrial	30-06-2022*	120.28	120.28	35.02	11.05	29.12	9.19
Teladan Group Berhad (formerly known as Teladan Setia Group Berhad)	Melaka	Residential Commercial Mixed	31-12-2023	274.07	274.07	62.08	27.04	22.65	9.87
UOA Development Berhad <sup>(13)</sup>	Selangor	Residential Commercial	31-12-2023	399.39	397.88	173.67	286.41	43.48	71.71
Wawasan Intact Properties Sdn Bhd	Melaka, Pahang	Residential	31-12-2023	189.30	189.30	51.69	28.45	27.31	15.03

*It needs to be highlighted that the list of industry players in alphabetical order used for comparison purpose is not exhaustive and only serves as a reference for readers.*

Notes:

\* There is no latest financial information available for Parkland City Sdn Bhd and Parkland Residence Sdn Bhd as the certificate relating to exempt private company were lodged to Companies Commission of Malaysia.

(1) Derived from property development and may also include other business activities

(2) Derived from property development and related activities such as property management, property investment and sales of lands.

(3) GP denotes gross profit. GP margin = gross profit / revenue

(4) PAT denotes profit after tax. PAT margin = profit after tax / revenue

(5) IOI Properties Group Berhad's revenue is segmented into the property development, property investment, hospitality and leisure, and other operations segments. For the FYE 30 June 2023, revenue from the property development and property investment segments stood at RM2,371.10 million, revenue from the hospitality and leisure segment stood at RM209.11 million, and revenue from the other operations segment stood at RM12.88 million.

(6) LBS Bina Group Berhad's revenue is segmented into the property development, construction and trading, management and investment, motor racing circuit, hotel, and others segments. For the FYE 31 December 2023, revenue from the property development segment stood at RM1,754.06 million, revenue from the construction and trading segment stood at RM31.04 million, revenue from the management and investment segment stood at RM2.82 million, revenue from the motor racing circuit segment stood at RM23.50 million, revenue from the hotel segment stood at RM9.41 million and revenue from the others segment stood at RM8.81 million.

**8. IMR REPORT (Cont'd)**

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- (7) Mah Sing Group Berhad's revenue is segmented into the property development, manufacturing, and investment holding and others segments. For the FYE 31 December 2023, revenue from the property development segment stood at RM2,114.88 million, revenue from the manufacturing segment stood at RM435.19 million and revenue from the investment holding and others segment stood at RM53.14 million.
- (8) Paramount Corporation Berhad's revenue is segmented into the property, coworking, and investment and others segments. For the FYE 31 December 2023, revenue from the property development segment stood at RM973.68 million, revenue from the coworking segment stood at RM11.43 million and revenue from the investment and others segment stood at RM27.14 million.
- (9) Sime Darby Property Berhad's revenue is segmented into property development, investment and asset management, and leisure segments. For the FYE 31 December 2023, revenue from the property development segment stood at RM3,235.37 million, revenue from the investment and asset management segment stood at RM107.81 and revenue from the leisure segment stood at RM93.77 million.
- (10) S P Setia Berhad's revenue is segmented into the property development, construction, and other operations segments. For the FYE 31 December 2023, revenue from the property development segment stood at RM4,064.70 million, revenue from the construction segment stood at RM16.22 and revenue from the other operations segment stood at RM292.72 million.
- (11) Tropicana Corporation Berhad's revenue is segmented into the property development and property management, property investment, recreation and resort, and investment holding and others segments. For the FYE 31 December 2023, revenue from the property development and property management segment stood at RM1,149.26 million, revenue from the property investment, recreation and resort segment stood at RM251.34 million and revenue from investment holding and others segment stood at RM92.51 million.
- (12) UEM Sunrise Berhad's revenue is segmented into property development, property investment and hotel operation, and others segments. For the FYE 31 December 2023, revenue from the property development segment stood at RM1,223.21 million, revenue from property investment and hotel operation segment stood at RM100.94 million and revenue from the others segment stood at RM138.03 million. UOA Development Berhad's revenue is segmented into the property development and construction segments. For the FYE 31 December 2023, revenue from the property development segment stood at RM397.88 million, and revenue from the construction segment stood at RM1.51 million.
- (13) UOA Development Berhad's revenue is segmented into the property development and construction segments. For the FYE 31 December 2023, revenue from the property development segment stood at RM397.88 million, and revenue from the construction segment stood at RM1.51 million.

Sources: Annual reports of listed comparable companies, SPB Development and Protégé Associates

**3.2 Estimated Market Share**

Based on the latest audited combined financial statements of SPB Development for the FYE 31 December 2023, SPB Group recorded a revenue of RM200.20 million generated from the sales of development properties under construction and sale of completed properties, representing a market share of 0.81% in 2023. The market share is obtained by comparing SPB Group's revenue against the total market size of the property development industry in Malaysia valued at RM24.45 billion in 2023.

**4.0 Demand Conditions**

The property development industry in Malaysia is influenced by the following demand conditions:

**Pursuit of affordable housing** – To promote home ownerships, the Government announced various housing programmes such as PPR, Program Perumahan Penjawat Awam (PPAM) and Program Rumah Mesra Rakyat. In line with this initiative, the Government also announced the following aids to assist homebuyers under the respective budgets:

- Budget 2021 – The full stamp duty exemption on the transfer and loan securing instruments for first residential property purchased by Malaysian is extended until 31 December 2025, with the price limit on properties being increased from RM300,000 to RM500,000.
- Budget 2023 – A RM2 billion guarantee for banks under the Housing Credit Guarantee Scheme ("HCGS") aimed at providing financial assistance to lower-income individuals including gig workers, independent business owners, and small entrepreneurs for the purchase of properties. The guarantee under HCGS had been extended to RM5 billion, and the allocation is expected to benefit 20,000 borrowers
- Budget 2024 – An extension of guarantee under the HCGS to RM10 billion which is expected to benefit 40,000 borrowers. In addition, the stamp duty on property transfers between parents and children, and grandparents and grandchildren, has been fixed at RM10.

The abovementioned initiatives are expected to drive demand for residential properties in Malaysia.

**Infrastructures development** – In the 12th Malaysia Plan (2021 – 2025) ("12MP"), the Government has outlined several initiatives to enhance connectivity and transport infrastructure. Key projects include expansion of the North-South Expressway, construction of the Penang light rail transit, construction of Sarawak-Sabah Link Road II and Pan Borneo Highway. These infrastructure developments are expected to improve connectivity between townships, and drive demand for properties in the surrounding areas. The ongoing major infrastructure developments such as the Johor Bahru-Singapore Rapid Transit System, East Coast Rail Link and the Pan Borneo Highway in East Malaysia are expected to improve connectivity between major townships and stimulate interests among homebuyers, business owners and/or investors in properties surrounding the alignments involved.

**8. IMR REPORT (Cont'd)**

**Population growth and rising disposable income** – The growing Malaysian population is also expected to support growth of the property development industry by creating sustained demand for housing. The population of Malaysia stood at 33.4 million in 2023 and it is expected to reach 41.5 million in 2040. At the same time, the Malaysian population has also been attaining greater affluence as a result of economic growth. According to BNM, the per capita income in Malaysia grew RM52,968 in 2022 to RM53,043 in 2023. Meanwhile, the trajectory of the Malaysian economy indicates sustained expansion. Malaysia's real GDP expanded by 3.7% in 2023 as compared to a growth of 8.7% registered in 2022, supported by resilient domestic demand and further recovery in tourism activities. In 2024, the Malaysian economy is projected to expand by between 4.0% and 5.0%. The growing economy poised to drive income and boost consumer sentiment, auguring well for the growth in the property development industry.

**Steady interest rates** – The interest rate environment is expected to be stable and favourable for the property development industry in Malaysia with the last change in the local OPR (interest rate benchmark in Malaysia) of 3.00% made by BNM in May 2023. This is expected to be positive for the property market and it serves to alleviate uncertainties for property developers and buyers and support the growth in the local property development industry.

**5.0 Supply Conditions**

The property development industry in Malaysia is influenced by the following supply conditions:

**Property overhang situation** – Property overhang refers to the unsold completed residential and commercial properties that have been on the market for more than 9 months. The persistent overhang of residential properties may continue to dampen the demand for new properties until a resolution is achieved. According to NAPIC, the count of residential overhang units decreased to 25,816, valued at RM17.68 billion in 2023, in contrast to 27,746 units worth RM18.41 billion in 2022. The sales of properties in the country may be affected by the property overhang situation in Malaysia as investors take a "wait-and-see" approach in anticipation of potential price reductions. Concurrently, property developers are contending with the task of addressing current inventory challenges. This situation might consequently contribute to the postponement or delay of forthcoming property launches.

**Adoption of Industrialised Building System ("IBS") in construction** – IBS is a construction method that utilises techniques, components and building systems which involve off-site prefabricated components and structures and onsite installation. IBS systems (as defined by Construction Industry Standard 24 issued by the Construction Industry Development Board ("CIDB")) are categorised into precast concrete system, metal framing system, formwork system, timber framing system, blockwork system and other prefabricated components. The adoption of IBS contributes to reduced construction time, improved workers' safety, cost-effectiveness, and improved quality of the constructed buildings. According to a technical report published by the CIDB in 2018, IBS adoption could reduce labour requirement, especially foreign workers by at least 20% as well reduce the turnaround time for each construction project by 20.00%. According to CIDB, the IBS implementation in government projects has increased to 84.00% in 2021 as compared with 79.50% in 2020, while in private projects, IBS implementation has increased to 60.00% in 2021 as compared with 41.00% in 2020. To further drive the adoption of IBS, the Government provides incentives such as tax allowances and funding to encourage IBS components manufacturers. The growing adoption of IBS in construction can speed up the supply of properties, especially for affordable housing by reducing construction time and costs.

**Rising cost of building materials** – In recent years, building material costs have surged due to factors such as the COVID-19 pandemic disrupting global supply chain, increased demand from economic recovery, and inflation. For instance, according to DOSM, the average price of sand surged by 27.25% from RM36.30 in December 2022 to RM46.19 in December 2023. Cement prices also rose by 9.79% from RM20.95 to RM23.00, while mild steel round bars and aggregates also saw price hikes of 4.6% and 3.6%, respectively during the same period. These rising building material costs create challenges for property developers in managing their construction budgets. As a result, some contractors are either declining bids, turning down jobs, or adopting more conservative pricing strategies. Additionally, contractors with fixed-price contracts might abandon projects to avoid incurring greater financial losses due to unforeseen increases in material costs. The escalation in building material prices could slow the pace of property development in Malaysian and potentially drive-up property prices due to reduced supply.