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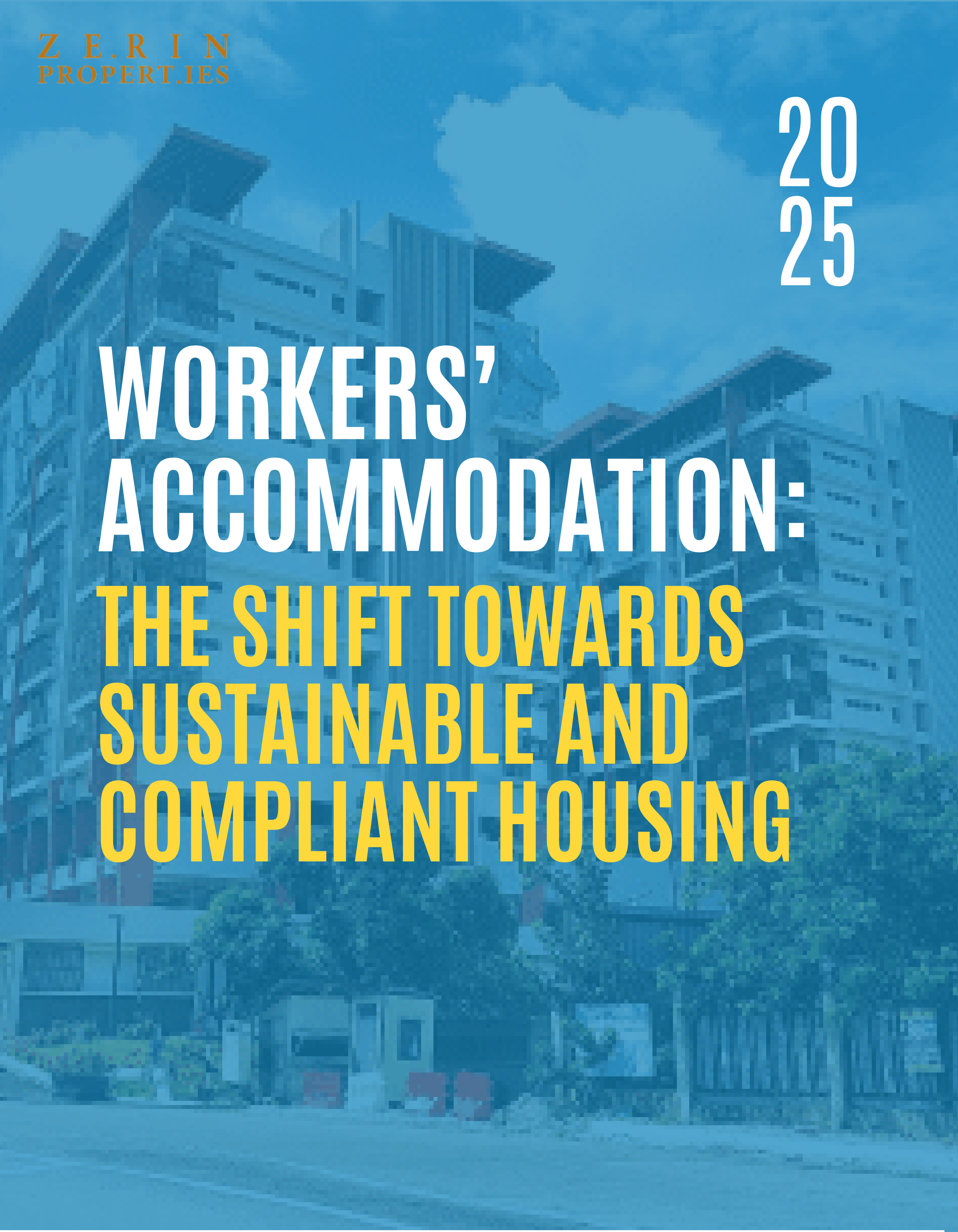

2025

WORKERS' ACCOMMODATION: THE SHIFT TOWARDS SUSTAINABLE AND COMPLIANT HOUSING

ZERIN PROPERTIES RESEARCH

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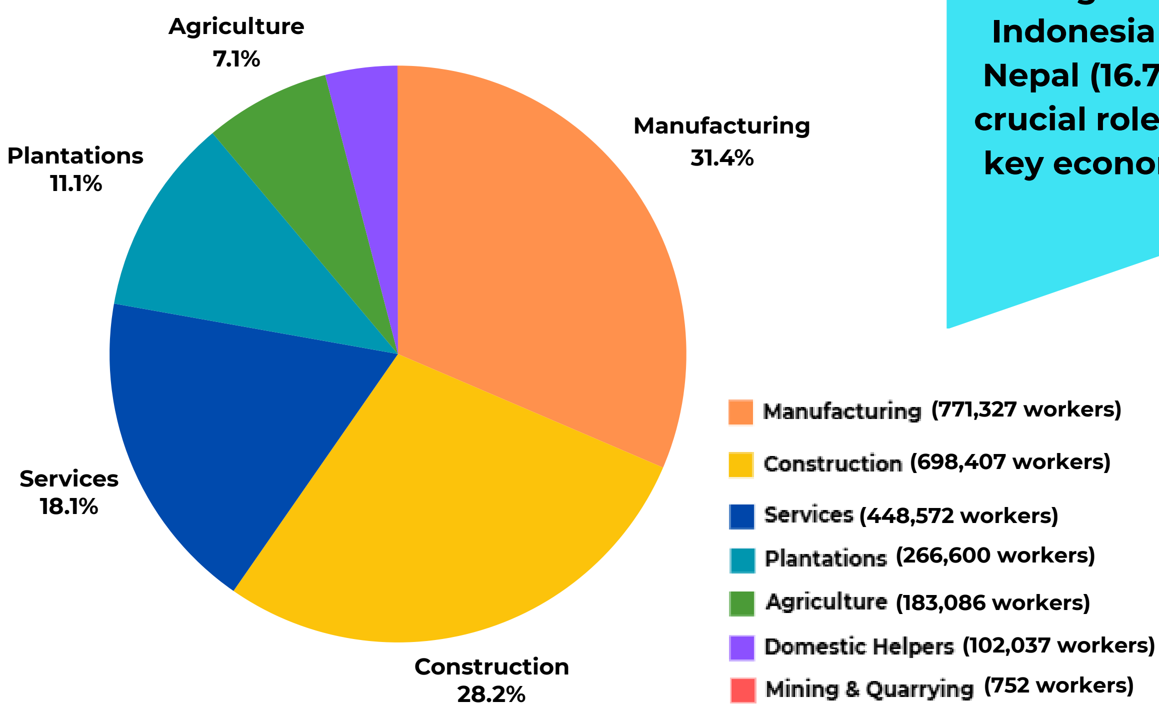
1.0 Introduction

Malaysia's workers' accommodation sector is undergoing a transformation, driven by stricter enforcement of the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446), rising industrial demand, and growing investor interest. The shift towards Centralised Labour Quarters (CLQs) is reshaping the market, ensuring compliance, improving living standards, and supporting key sectors like manufacturing, construction, and services. With foreign workers playing a vital role in the economy, regulatory changes and investment trends will continue to define the industry's future.

The demand for Centralised Labour Quarters (CLQs) and Purpose-Built Workers' Accommodation (PBWA) in Malaysia has intensified in recent years, driven by rapid industrial expansion, evolving regulations, and heightened awareness of worker welfare. The COVID-19 pandemic further accelerated this shift, exposing the risks of inadequate housing and prompting stricter enforcement of living standards for foreign workers.

As of September 30, 2024, Malaysia employs **2,470,781 low-skilled foreign workers**, according to the Human Resources Minister. These workers are concentrated in key economic sectors, as illustrated in the chart below.

The majority of these workers come from Bangladesh (37.8%), Indonesia (23.7%), and Nepal (16.7%), playing a crucial role in Malaysia's key economic sectors."



Regulatory Overhaul: Stricter Compliance & Enforcement

Recognising the need for sustainable workforce management, the Malaysian government has set a foreign worker cap at 15% of the total workforce under the 12th Malaysia Plan (2021-2025). To enforce this:

- **March 18, 2023** – The government froze approvals for new foreign workers.
- **January 1, 2025** – The **multi-tier levy mechanism** was implemented across all sectors except farming and agriculture.

The enforcement of **Act 446 (Workers' Minimum Standards of Housing and Amenities Act 1990)** has been a turning point, compelling businesses to transition from ad-hoc, often overcrowded housing to compliant, structured accommodations.

The 2019 amendment to Act 446, which came into effect on September 1, 2020, expanded coverage beyond plantations and mining to include all sectors employing foreign workers.

In **February 2021**, additional **emergency ordinances** were introduced to enhance enforcement powers. This allowed authorities to **conduct on-the-spot inspections**, **issue penalties**, and **relocate workers** living in substandard housing.

Under the **amended Act 446**, employers now face:

- Fines of **up to RM50,000 per worker** housed in non-compliant conditions.
- Heavier penalties of **up to RM200,000** or **imprisonment up to three years** or **both** for non-conformance.

Regular government inspections ensure compliance, making proper worker housing a key priority for businesses aiming to avoid legal repercussions and uphold ESG commitments.

Rising Adoption of CLQs and Investment Potential

The Rise of Integrated CLQs

Klang Valley, Johor, Penang, and Kedah are at the forefront of the transition to I**ntegrated Centralised Labour Quarters (ICLQ**), a model emphasizing safety, sustainability, and operational efficiency. Other states, including Perak, Malacca, and Negeri Sembilan, are also following suit, further driving the adoption of high-standard facilities that align with global worker welfare benchmarks and support corporate ESG goals.

From an investment perspective, CLQs are evolving into a stable, income-generating asset class, attracting institutional investors and REITs. The combination of:

01 **Stricter compliance measures**

02 **Policy-driven workforce management**

03 **ESG-focused incentives**

is driving the sector's expansion. As Malaysia strengthens its industrial competitiveness, the transformation of worker housing remains crucial in balancing economic growth with ethical labour practices.

Launch of the country's first integrated centralised labour quarters (ICLQ) at Pasir Gudang industrial area in 2021. (Source: New Strait Timess)

2.0 Understanding CLQs and PBWA

The provision of structured worker housing in Malaysia primarily falls **under two categories**: **Centralised Labour Quarters (CLQs)** and **Purpose-Built Workers' Accommodation (PBWA).** While both serve as dedicated housing solutions, their regulatory requirements, design, and operational scope differ, especially under Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446).

Key Differences Between CLQs and PBWAs

FEATURE	CLQs	PBWA
Regulatory Compliance	Explicitly regulated under Act 446, with strict design and operational standards	Regulated under Act 446 only if used to house foreign workers. Higher-end PBWAs may fall outside the Act.
Licensing & Approval	Must obtain a Certificate for Accommodation from the Labour Department (JTK).	Must obtain a Certificate for accommodation if housing foreign workers. Otherwise, licensing depends on local regulations.
Design & Space Requirements	Standardized design: minimum 3.0 sqm per worker in dormitories, 3.6 sqm per worker in non-dormitories, specific hygiene and safety requirements.	Flexible design: must comply with Act 446 only if classified as worker housing. Otherwise, designs may vary.
Location & Land Use	Typically located in industrial zones and built to house large workforces for multiple employers.	Can be located in industrial, commercial, or mixed-use developments, offering more customized housing solutions.
Ownership & Management	Often developed and managed by industrial park developers or third-party operators, catering to multiple employers.	Can be employer-owned, privately developed, or part of mixed-use industrial developments.
Investment Appeal	Increasingly attracting institutional investors and REITs due to stable, long-term leases and regulatory demand.	Also appealing to REITs and private investors, especially for higher-end worker housing that offers more flexible leasing models.

2.0 Understanding CLQs and PBWA

Summary of key distinctions:

Highlight 1

- CLQs are mandatorily regulated under Act 446 and require licensing, ensuring strict compliance with worker housing standards.

Highlight 2

- PBWA must comply with Act 446 only if used to house foreign workers, but not all PBWAs fall under this category—some operate outside the Act if they serve broader workforce housing needs.

Highlight 3

- CLQs are typically large-scale, standardized accommodations, whereas PBWA can be more flexible and cater to different market needs.

With stricter enforcement of Act 446, both CLQs and PBWA that house foreign workers are now subject to greater compliance measures, ensuring better worker welfare and structured housing solutions in Malaysia.

3.0 MARKET OVERVIEW & KEY DEVELOPMENTS

3.1 Market Landscape

01

Government-Policy-Driven Expansion of Worker Housing

The introduction of Temporary Labour Quarters (TLQ) policies has increased short-term worker accommodation options.

However, there is a **growing transition toward Centralised Labour Quarters (CLQs) as a long-term solution**, ensuring compliance with regulatory standards and improving worker welfare.

Governments at both federal and state levels are pushing for a shift from makeshift TLQs to purpose-built CLQs to enhance living conditions and workforce productivity.

02

Surge in CLQs Development within Industrial Growth Zones

·The rapid expansion of manufacturing and logistics hubs has accelerated CLQs construction, particularly in **high-demand industrial states** like Johor, Selangor and Penang. Both private developers and state-led initiatives are driving supply to support workforce housing needs.

Increasingly, **CLQs are being integrated into Managed Industrial Parks (MIP)**, such as NCT Smart Industrial Park (NSIP) and Able Business Park 1, Kuala Langat, to provide seamless worker accommodation while ensuring compliance with zoning and infrastructure standards.

3.0 MARKET OVERVIEW & KEY DEVELOPMENTS

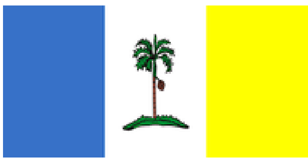
3.1 Market Landscape

03 Emerging Attractive Investment Class

With **stable occupancy rates** and **long-term demand**, CLQs are becoming a sought-after asset class. Major developers, institutional investors, and REITs are increasingly involved in CLQs development or acquisition, viewing them as high-yield, stable investments backed by government policies.

04 Stricter Regulatory Standards & Compliance Measures

Authorities are tightening regulations to enhance worker welfare, safety, and infrastructure standards.



Penang: The state has introduced **new CLQs guidelines (effective January 2024)** mandating proper space allocation, sanitation, fire safety, and essential amenities like dining and healthcare. Additionally, the guidelines stipulate that:

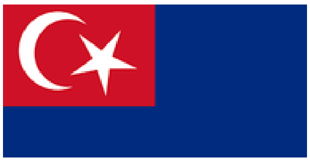
- Worker accommodations in **existing residential/commercial/industrial buildings** will only be permitted on a **temporary basis** until **31 December 2027.**
- Companies can apply for approvals between 1 January 2024 and 31 December 2025. Any applications beyond this period will not be entertained.
- **After the three-year transition period,** all workers housed in these buildings **must be relocated to CLQs**, and the buildings must revert to their original function.

3.0 MARKET OVERVIEW & KEY DEVELOPMENTS

3.1 Market Landscape

04 Stricter Regulatory Standards & Compliance Measures

Authorities are tightening regulations to enhance worker welfare, safety, and infrastructure standards.



Johor:

- The state has mandated developers, contractors, and manufacturers in the state to house **foreign workers in registered CLQs** to comply with labour and housing laws.
- Employers are required to **transition workers to CLQs by 2027**, aligning with the state's push for safer and more regulated accommodations.
- This directive is particularly crucial for the **Johor-Singapore Special Economic Zone (JS-SEZ)**, where the state aims to attract high-value investments by ensuring worker housing meets international standards.

Negeri Sembilan:

- Effective **January 2024**, the state banned foreign workers from residing in residential areas, citing concerns over community disturbances, hygiene, and safety.
- Employers **must relocate workers to designated CLQs or approved worker accommodations** by 31 December 2024 to comply with the state's regulations.

3.2 Major Developments and Project Announcements

Scaling Up CLQs

The development of CLQs across Malaysia has accelerated, driven by government policies, industrial expansion, and growing involvement from developers. Several large-scale CLQs projects are currently underway, with both state-led initiatives and private sector efforts shaping the future of worker housing.

The following are notable completed projects and upcoming developments across various states.

AME GROUP

- The group's existing workers' dormitories in Johor currently offer a total capacity of **6,407 beds**, spanning i-Park@Indahpura (Dorm 1 and Dorm 2) and i-Park@Senai Airport City.
- To further expand accommodation options, the upcoming dormitory at i-TechValley at SILC is under construction and will introduce an **additional 2,683 beds** upon its targeted completion in the **first half of 2025.**
- Once completed, the total capacity of workers' dormitories in Johor will increase to **9,090 bed**s. All dormitories under AME REIT's portfolio comply with the Act 446 and other regulations.

CENTURION CORPORATION LIMITED

- The group is a leading provider of purpose-built workers' accommodation in Johor, where **66% (18,008 beds)** of its Malaysian portfolio is concentrated. The company operates multiple PBWA assets, totalling 27,373 beds, with ongoing expansions to strengthen its presence.
- Current asset enhancement initiatives (AEIs) include the expansion of **Westlite Senai II** and **Westlite Johor Tech Park**, adding approximately **1,550 beds by 2025**. Additionally, Centurion is evaluating a new PBWA development in Nusajaya with a **proposed capacity of 7,000 beds.**
- With its dominant footprint in Johor and a robust development pipeline, Centurion is **well-positioned** to capitalize on the JS-SEZ's economic uplift, driven by increased industrial activity and labour demand.

3.2 Major Developments and Project Announcements

SJ HOLDINGS SDN BHD

- A Johor-based property development and management company, SJ Holdings Sdn Bhd developed **Malaysia's first Integrated Centralised Labour Quarters (ICLQ)** in **Pasir Gudang** to meet Global Workers' Accommodation Safety Standards.
- Completed in December 2023, the 10-acre facility consists of two parcels of land, each with four hostel blocks totalling 222 units per block, with capacity to accommodate **8,000 workers** with modern amenities and accessible units for physically challenged individuals.
- Future expansion plans include developing two additional plots along Jalan Keluli 11, adding another **8,000 beds**, bringing the **total capacity to 16,000 workers.**

ISP GROUP OF COMPANIES (ISP)

- ISP aims to become Malaysia's leading provider of Purpose-Built Workers' Accommodation (PBWA) by 2026, with plans to develop **12 PBWAs over the next three years**, accommodating up to **60,000 migrant workers**.
- The group currently operates four PBWAs in Malaysia, with additional projects under construction and a strategic landbank to support long-term expansion.
- In 2023, ISP completed the **2,196-bed Desa Cemerlang PBWA** in Johor and entered into a Dormitory Management Agreement with Westlite Accommodation.
- At the end of 2023, ISP announced plans to commence construction on the **4,050-bed Tebrau 1 PBWA** in Johor, marking a significant step in its expansion strategy.

3.2 Major Developments and Project Announcements

NORTHERN TECHVALLEY @ BKE

- A joint venture between AME Elite Consortium Bhd and Majestic Gen Sdn Bhd, Suling Hill Development Sdn Bhd is developing Northern TechValley @ BKE in Seberang Jaya, Penang.
- Spanning 176 acres, this RM1.3 billion project will feature sustainable industrial facilities, modern infrastructure, and **a 7-storey workers' accommodation** to support Penang's growing industrial sector.
- Designed to attract industries in semiconductors, electronics, medical technology, and logistics, the development is expected to be completed by **2029.**

JURU CLQs

- Shan Poornam Metals Sdn. Bhd., in partnership with Thirupathi Capital Sdn. Bhd. held a groundbreaking ceremony in November 2024 for a CLQs in Juru, Penang, designed to accommodate **8,000 foreign workers.**

FOREIGN WORKERS' VILLAGE PROJECT @ BATU KAWAN INDUSTRIAL PARK 3

- MY EG Lodging (NC) Sdn Bhd, a subsidiary of MYEG Services Bhd, is developing a RM108 million foreign workers' accommodation in Batu Kawan Industrial Park 3 (BKIP3), Penang, under a 30-year lease agreement with Penang Development Corporation (PDC).
- Spanning 8.39 acres, the project will feature eight five-storey blocks with 445 hostels, providing housing for **8,000 foreign workers**, and is expected to be completed by **2026**.

·WESTLITE BUKIT MINYAK @ BUKIT TAMBUN

- Singapore-based Centurion Corporation Limited's first Westlite Accommodation outside Johor was completed in Q4 2018.
- Spanning 16,398 square metres, the facility consists of three 11-storey accommodation blocks with a total approved capacity of **3,321 beds.**
- In December 2023, Centurion entered into a **15-year sale and leaseback** agreement with **KWAP**.

3.2 Major Developments and Project Announcements

SUNGAI BULOH CLQs

UNITRADE

- Unitrade Industries Bhd, through its wholly owned subsidiary Perfect CLQ Sdn Bhd, is acquiring a two-acre land for RM7.84 million to develop CLQs in Sungai Buloh, Selangor.
- The acquisition is expected to be completed by the end of the first quarter of the financial year ending **March 31, 2025**, subject to relevant approvals.
- The CLQs will feature seven blocks of three-storey modular houses, spanning 67,611 square feet, with essential amenities. **Upon completion, the facility will be rented out as workers' accommodation.**

ISP GROUP OF COMPANIES (ISP)

- **Kapar PBWA:** In December 2023, ISP Group of Companies initiated the construction of a 10-storey PBWA in Kapar, Selangor. Spanning 2.05 acres, the facility will house up to **3,780 workers** and is slated for completion by the fourth quarter of 2024.
- Developed in compliance with Act 446, the PBWA will feature 210 furnished units equipped with basic amenities such as fans, light fixtures, beds, mattresses, lockers, and drawers.
- ISP has partnered with Westlite Accommodation, a subsidiary of Singapore's Centurion Corporation Ltd, to provide design consultancy and operational management services for this project.
- **Serendah PBWA:** At the end of 2023, ISP announced plans to commence construction on the **6,120-bed** capacity PBWA Serendah in Selangor.

3.2 Major Developments and Project Announcements

HALO (HOUSING, ACCOMMODATION AND LODGING) IN KLANG SENTRAL

- Titijaya Land Bhd is developing **HALO**, a 10-storey, purpose-built centralised labour quarters (CLQs) in Klang Sentral, Selangor, designed to house **3,000 workers**. Construction is slated to begin in the fourth quarter of 2025, with completion expected by the **second quarter of 2026**.
- The development will comply with International Labour Organization standards, Malaysia's Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446), and international standards set by the Responsible Business Alliance.
- In October 2024, Titijaya secured Press Metal Aluminium Holdings Bhd as its first client, with PMB Aluminium Sdn Bhd, a subsidiary of Press Metal, agreeing to rent part of HALO for a minimum of three years to accommodate at least 350 workers.

SELANGOR STATE DEVELOPMENT CORPORATION (PKNS)

- PKNS has initiated the CLQs development within **Laman Lestari project in Bandar Sultan Suleiman** to enhance living conditions for migrant workers. Spanning 4.35 acres, the development will feature **336 fully furnished units**, each comprising three rooms, a bathroom, and a dining area, along with shared amenities.
- Designed to accommodate up to **5,712 workers**, the project, which commenced in 2024, is expected to be completed by **2028**.
- PKNS plans to expand its CLQs developments to provide comfortable accommodations for foreign workers, with future projects targeting over **50,000 beds** across multiple locations, including Shah Alam, Kota Puteri, Selangor Cyber Valley, Green Industrial Park Kota Puteri, Port Klang, and Bandar Sultan Suleiman.

3.2 Major Developments and Project Announcements

THE INTEGRATED DEVELOPMENT REGION IN SOUTH SELANGOR (IDRISS)

- Selangor State Government mandates the **inclusion of CLQs** in **Managed Industrial Parks (MIP)** to support workforce housing needs in high-growth areas, particularly within **IDRISS.**
- Two approved MIP developments, **NCT Smart Industrial Park (NSIP)** and **Able Business Park 1 in Kuala Langat**, are required to incorporate CLQs as a key development criterion, ensuring adequate worker accommodations in line with Selangor's industrial expansion strategy.
- NSIP will feature AI-Managed CLQs, with high-quality accommodation for up to **30,000 workers**.

PAPA PROJECT @ BALAKONG

- Developed by **Y5 Development Sdn. Bhd.** in colloboration with Persatuan Pemilik Tanah dan Pengusaha Kilang Kawasan Perindustrian Kampung Baru Balakong, is a purpose-built workers' accommodation designed to house foreign and migrant workers.
- Located in **Kawasan Perindustrian Kampung Baru Balakong**, Seri Kembangan, the project broke ground in 2022 and is set to provide modern, compliant housing for the industrial workforce.
- In January 2023, MR D.I.Y. Group (M) Berhad, through its subsidiary MR D.I.Y. Management Two Sdn. Bhd., announced the **acquisition of 80 units in PAPA Balakong for RM13.2 million** as a **related party transaction**. Each unit spans 600 square feet, and the acquisition aligns with MR D.I.Y.'s efforts to provide suitable accommodations for its foreign workforce while ensuring compliance with labour and housing regulations. Vacant possession is expected by January 2026.

3.2 Major Developments and Project Announcements

CLQs @ SPD Tech Valley, Senawang

- Developed by Seri Pajam Development Sdn Bhd, the SPD Tech Valley industrial park will feature CLQs designed to accommodate **5,000 beds** and shared amenities, reinforcing the park's commitment to ESG standards.
- With an estimated gross development value of RM3 billion, the project broke ground on May 20, 2024, and is set for **completion over a 10-year period.**

CLQ LODGE RESIDENCE @ BANDAR BARU NILAI

- This CLQs facility, completed in early 2024, comprises **950 units** with a capacity to accommodate over **3,000 foreign workers**. The establishment aims to provide organized and compliant housing solutions for the state's foreign workforce.

CLQs @ Sungai Gadut, Seremban

- Fajarbaru Builder Group Bhd entered into a partnership with Care Dynamic Sdn Bhd (CDSB) in August 2023 for a **672-unit** CLQs project in Sungai Gadut, Seremban.
- The project with a GDV of RM172.4 million, will be built on a 10.9-acre plot of land owned by Sungei Gadut Development Sdn Bhd, which granted CDSB power of attorney over it. Construction will begin after securing building plan approval, with a target completion time of three years.

Negeri Sembilan State Government's CLQs Development plans

- The state government aims to develop **35 CLQs by 2028** in compliance with Act 446, providing accommodation for at least **150,000 foreign workers**.
- As of **September 2024**, the Seremban City Council has received **17 applications** for CLQs construction, totalling **6,056 beds**, with five CLQs already operational in Sri Sendayan, Bandar Enstek, and Mantin, housing 712 workers.

3.2 Major Developments and Project Announcements

Ayer Keroh CLQs Facility

- Melaka's first CLQs, **i-Asrama**, has been completed in Eco Park, Ayer Keroh. The facility consists of two nine-storey dormitory blocks with **272 units** and can accommodate **3,264 workers**. It is equipped with amenities such as clinics, suraus, and mini markets and complies with Act 446.

Melaka State Government's CLQs Initiatives

- The state government aims to build **40 CLQs across Melaka** to accommodate foreign workers and support high-tech industrial development.
- The government **will cease** issuing **Temporary Labour Quarters (TLQ) certificates by 2026**, requiring all foreign workers to relocate to compliant CLQs under Act 446 by 2025.

ADVANCECON HOLDINGS BHD PARTNERS WITH PERAK STATE DEVELOPMENT CORPORATION (PKNPK)

- **Advancecon Holdings Bhd** has entered into a joint venture with **PKNPk** to develop, construct, operate, manage, and maintain CLQs in Perak. The joint venture company, CLQ Silvervalley Sdn Bhd, is owned 70% by Advancecon's subsidiary, Advancecon Ventures Sdn Bhd, and 30% by PKNPk's subsidiary, Perak Equity Sdn Bhd.
- The initial phase aims to accommodate **12,000 workers** over the next five years, addressing the rising demand for high-quality workforce accommodation from industrial manufacturers in the state.
- This collaboration builds upon previous efforts, including the successful **refurbishment of two accommodation blocks** at Asrama Murni in Jelapang, Perak, completed in 2023. One of these blocks is fully occupied, serving employees of a multinational corporation.

4.0 MAJOR DEALS AND INVESTMENT DEALS

4.1 Notable Transactions in the CLQs & PBWA Sector

01 — Kumpulan Wang Persaraan (KWAP)'s acquisition of two workers' accommodations from Centurion Corporation (CENT):

- KWAP has completed the acquisition of two key workers' accommodations; **Westlite Tampoi in Johor** and **Westlite Bukit Minyak in Penang** from CENT for a total consideration of RM227 million.
- The transaction, formalized through a Sale and Purchase Agreement on 4 December 2023, is structured as a **sale-and-leaseback arrangement with a 15-year lease term**, ensuring Centurion continues to manage and operate both properties under a long-term lease.
- Westlite Bukit Minyak measures approximately 16,398 square metres together with 3 accommodation blocks of 11-storey each, with a total approved bed capacity of **3,321 beds**, 12 carpark lots along with supporting amenities and commercial shops.
- Westlite Tampoi measures approximately 28,328 square metres together with 5 accommodation blocks of 5-storey each, comprising **5,790 beds**, 1 accommodation block of 5 storey with a canteen located at lower ground floor, 21 carpark lots and 57 motorcycle parking lots along with supporting amenities and commercial shops.

WESTLITE TAMPOI IN JOHOR

WESTLITE BUKIT MINYAK IN PENANG

4.0 MAJOR DEALS AND INVESTMENT DEALS

4.1 Notable Transactions in the CLQs & PBWA Sector

02 — MR D.I.Y.'s Acquisition of PAPA Foreign Worker Quarters:

- MR D.I.Y. Group (M) Berhad (MDGM), through its wholly-owned subsidiary MR D.I.Y. Management Two Sdn. Bhd., has acquired **80 units of foreign worker quarters** under the **Pusat Asrama Pekerja Asing (PAPA) project in Balakong, Selangor**, for **RM13.2 million**.
- The acquisition, formalized through Sale and Purchase Agreement on 5 January 2023, is classified as a **Related Party Transaction (RPT)** as Y5 Development Sdn. Bhd., the project developer, is linked to MDGM's major shareholder Tan Yu Yeh through U & Location Sdn. Bhd.
- The PAPA Balakong project is a freehold, purpose-built workers' accommodation **designed to meet JTK standards**, catering to foreign workers from various industries.
- The acquisition comprises 40 units on the 6th floor and 40 units on the 7th floor, each measuring 600 square feet, at **RM165,000 per unit, a 4.6% discount** from the independent valuation range of RM168,000 – RM178,000 per unit.

GROUND-BREAKING CEREMONY

4.2 Occupancy, Rental Trends & Yield

Occupancy Rates

- **Klang Valley, Johor, and Penang** continue to experience high occupancy rates **above 90%**, driven by rising demand for quality workers' accommodations due to Act 446 compliance.
- Strategic industrial zones with high foreign worker populations are well-positioned to benefit from this trend. Significant expansions in bed capacity, including new CLQs developments and asset enhancements of existing PBWAs, will cater to the growing demand for compliant and well-managed housing solutions.
- **Centurion Corporation Limited:** The **average occupancy** of the group's Malaysian PBWA assets, comprising a total of **27,373 beds**, declined from 94% in 9M 2023 to **90% in 9M 2024**, primarily due to **ongoing Asset Enhancement Initiatives (AEI)** at Westlite Senai II.

Asset	Bed Capacity	Average Occupancy Rate (9M 2024)
Westlite Bukit Minyak*	3,321 beds	90%
Westlite Tampoi*	5,790 beds	
Westlite Johor Tech Park	3,480 beds	
Westlite Senai II (AEI)	3,020 beds	
Westlite Senai	1,980 beds	
Westlite Tebrau	1,786 beds	
Westlite Pasir Gudang	1,952 beds	
Westlite PKNS PJ	6,044 beds	

*Note: *Purchased by KWAP on sale and leaseback agreement*

- **AME Group: Average occupancy** remains **above 95%**, with i-Park @ Senai Airport City at full occupancy

Asset	Bed Capacity	Occupancy Rate
i-Park@Indahpura (Dorm 1)	2,290 beds	95%
i-Park@Indahpura (Dorm 2)	2,289 beds	96%
i-Park@Senai Airport City	1,828 beds	100%

Note: AME REIT is the only Malaysian REIT with workers' dormitories, featuring a total existing capacity of 6,407 beds across 3 dormitories in Johor.

Rental Trends

- The average monthly rental per bed for workers' accommodation ranges from RM180 to RM350, influenced by factors like location, facilities, and proximity to industrial hubs. Additional services, land costs, and adherence to local or international standards can also affect rental rates.
- Premium locations like Klang Valley, Johor, and Penang command the highest rates, with Johor benefiting from demand from Singapore-based companies housing workers in Malaysia.

- **Centurion Corporation Limited:**

1. The group's Malaysian PBWA assets' rental rates **remained stable in 2024**, though moderating in Q3 2024 as demand for quality worker accommodations continued to support high occupancy levels.
2. The Group's Malaysia PBWAs revenue remained steady at S$14.3 million in 9M 2024, compared to S$14.7 million in 9M 2023. The decline was primarily due to a weaker Malaysian Ringgit, which translated to lower revenue when reported in Singapore dollars. However, in local currency, revenue increased by 1%, driven by positive rental rate reversions, particularly for enhanced apartment units, which helped offset the temporary dip in occupancy caused by ongoing AEIs.

- **AME Group:**

1. Monthly rental per unit: **RM2,600 - RM3,400**, with each unit housing 8-12 workers, translating to **RM260 – RM305 average per bed.**

Asset	Average Monthly Rental Per Unit	Average Monthly Rental Per Bed
i-Park@Indahpura (Dorm 1)	RM2,600	**RM260**
i-Park@Indahpura (Dorm 2)	RM3,400	**RM290**
i-Park@Senai Airport City	RM3,000	**RM305**

- **PKNS (CLQs @ Laman Lestari):**

1. Set for completion in 2028, the project will have a total capacity of 5,712 workers, with 17 workers per unit. The all-inclusive rental will be **RM350 per worker per month.**

Yield Analysis

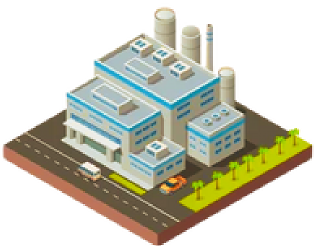
- Limited direct transaction data is available to analyze yields for CLQ and PBWA asset classes due to the emerging nature of the sector in Malaysia.

- As the sector is still developing, transactions involving CLQs and PBWAs are relatively scarce, making it challenging to establish reliable benchmarks. However, industry estimates suggest **capital value yields in the range of 7% – 9%**, similar to those observed in industrial assets, primarily driven by long-term lease contracts and stable demand from industrial employers.

- The transaction involving **Westlite Bukit Minyak** and **Westlite Tampoi**, valued at RM227 million, provides a **rental yield of 6.5% - 7%**, based on the agreed rental rates, which is slightly below but still within the broader capital value yield range of 7%-9%. The assets were acquired by Retirement Fund Inc. (KWAP) through a **sale-and-leaseback agreement** with Centurion Corporation Limited (CENT). The total of **9,111 beds** across the two locations in Penang and Johor **will be leased back to CENT for 15 years**.

5.0 EMERGING TRENDS & OUTLOOK

5.1 Key Trends Shaping the Sector



I. INTEGRATION OF CLQS INTO INDUSTRIAL PARKS

- More industrial parks are incorporating CLQs into their master plans to reduce worker commuting times, boost productivity and improve workforce stability.
- CLQs located within or adjacent to industrial zones are becoming the preferred model for large-scale employers.

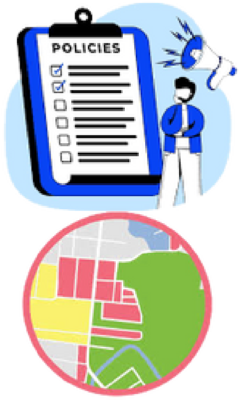
II. GROWING GOVERNMENT-PRIVATE PARTNERSHIPS (PPPS

- More state governments are partnering with private developers to accelerate CLQs construction, addressing housing shortages for industrial workers.
- Future public-private partnerships may include incentives such as tax breaks and long-term tenancy commitments for CLQs developers.

III. INCREASING ESG COMPLIANCE & WORKER WELFARE FOCUS

- Investors and multinational corporations are prioritizing CLQs that meet ESG standards.
- Stricter government regulations are pushing developers to enhance worker welfare, focusing on safety, hygiene, and better living conditions. In response, CLQs are being designed with improved ventilation, energy efficiency, sustainable waste management, and a focus on worker well-being to align with global ESG expectations.
- CLQs with lower-density dormitories and communal spaces are attracting higher-quality tenants and commanding premium rents.

5.1 Key Trends Shaping the Sector



IV. STATE-LEVEL POLICY DIFFERENTIATION & ZONING REGULATIONS

- Certain states, such as Penang and Selangor, are enforcing stricter zoning laws to ensure CLQs are developed in designated industrial areas rather than residential neighbourhoods.
- Local governments are introducing dedicated CLQ zones within industrial corridors to streamline approvals and improve regulatory oversight.

V. REIT EXPANSION INTO CLQS & EVOLVING INVESTOR SENTIMENT

- More REITs and institutional investors are exploring CLQs as an **alternative asset class**, drawn by **stable rental income, high yields, and long-term demand**. There is heightened interest in Malaysia's CLQ market due to favourable investment returns and strong industrial tenant demand.
- Developers are structuring **long-term lease agreements** with manufacturers and industrial operators to secure stable income streams from CLQs, further enhancing their appeal as a **defensive investment** in the real estate sector.

VI. DIGITALISATION & SMART CLQS

- Adoption of IoT-based monitoring systems for real-time safety tracking, biometric access control, and energy efficiency.
- Smart CLQs equipped with digital payment solutions, AI-driven security surveillance, and health monitoring systems are becoming a key differentiator.

VII. EXPANSION OF SCALABLE & MODULAR CLQ SOLUTIONS

- Prefabricated CLQs are gaining traction due to their faster construction timelines, lower costs, and adaptability to workforce fluctuations.
- Companies like Petra Modular are providing rapid-deployment modular CLQs, allowing businesses to scale workforce housing as needed.

5.2 Outlook 2025 & Beyond

01

Continued Expansion in Key States

Johor, Selangor, and Penang will remain hotspots for CLQ investments due to strong industrial demand.

02

Potential Incentives for Developers

The government may introduce additional tax breaks and financing schemes to encourage CLQs construction.

03

Higher Demand from Multinational Manufacturers

Companies looking to meet international labour welfare standards will increasingly prefer CLQs over PBWAs.

04

Technology-Driven Housing Models

AI-based monitoring, biometric access, and energy-efficient designs will define the next generation of CLQs.

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