

**ISKANDAR REGIONAL DEVELOPMENT AUTHORITY
& ISKANDAR DEVELOPMENT REGION
INFORMATION PACK**

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Brief background of Iskandar Development Region (IDR)

In July 2005, the Federal Government had asked Khazanah Nasional Berhad (Khazanah) to conduct a feasibility study for the development of a special economic zone in South Johor. This zone later came to be known as the Iskandar Development Region (IDR).

A Special Projects Team (SPT) was formed in Khazanah to undertake the task of preparing a Comprehensive Development Plan (CDP) for the IDR's development. Senior officers from the Federal Government and the Johor State Government were seconded to the SPT for this purpose.

The SPT team also included outside consultants and subject matter experts in fields such as town planning, real estate, economic and financial planning, environmental planning, legal and regulatory, marketing, business process reengineering, social policy, strategy, and local government.

In October 2005, Khazanah presented to the National IDR Planning Committee, a Conceptual Outline Plan for the IDR. The Committee was jointly chaired by the Prime Minister and the Johor Chief Minister, with Khazanah acting as the secretariat for the Committee. The Committee concluded that there was strong economic, social and developmental rationale to create the IDR.

On 4 November 2006, IDR was officially launched by His High Royal Highness the Sultan of Johor, and witnessed by YAB Prime Minister and YAB Chief Minister of Johor. This marks the beginning of an exciting and dynamic phase of South Johor's economic development as outlined in the form of the CDP.

Brief background on Iskandar Regional Development Authority (IRDA)

A Bill to incorporate the IRDA was tabled in and approved by the Dewan Rakyat and Dewan Negara on the 13 December 2006 and the 21 December 2006 respectively. The Bill received Royal Assent on 12 February 2007. The IRDA Act 2007 (Act 664) was gazetted the next day (13 February 2007), and came into effect on 17 February 2007.

IRDA will be responsible for the direction, policies and strategies in relation to development within the IDR, having regard to the general framework of national and Johor State policies. Pursuant to this responsibility, IRDA will assist the State Planning Committee (SPC) and relevant local planning authorities to co-ordinate development, and for this purpose IRDA will adopt a Comprehensive Development Plan (CDP) for use by such local planning authorities.

An Approvals and Implementation Committee (AIC) will also be established by IRDA, which will have the responsibility to identify, monitor, and co-ordinate the roles and activities of all relevant Government entities to expedite the implementation of major or strategic development and investments.

Brief background on South Johor Investment Corporation Berhad (SJIC)

On 2 November 2006, a Heads of Agreement was signed to form a new company to drive the development of catalyst projects (previously referred to as “super developer”), the South Johor Investment Corporation Berhad (SJIC) or Permodalan Johor Selatan with an eventual shareholding structure of Khazanah Nasional Berhad (60%), EPF (20%) and Kumpulan Prasarana Rakyat Johor Berhad (KPRJ) (20%), a company wholly-owned by the Johor State Government. The definitive agreements were signed on 19 December 2006 and is expected to be completed in May 2007.

SJIC will be set up with total assets of approximately RM3.4bn of land and cash at the outset. It will also own a significant land bank in South Johor through various subsidiaries and Joint Venture companies which will be created in the future. As a company wholly owned by Federal and State government investment agencies, SJIC will lead the implementation of various strategic and catalyst IDR initiatives including implementing of some of the major Ninth Malaysia Plan projects within the IDR through various Special Purpose Vehicles and partnerships with the private sector.

The Comprehensive Development Plan (CDP)

The CDP for IDR addresses socio-economic development in a holistic and sustainable fashion, with particular emphasis being placed on creating a healthy investment climate that is attractive to local and foreign investors.

Under the CDP, IDR’s strategic framework consists of the following:

1. Vision: Development of a Strong, Sustainable Metropolis of International Standing
2. Foundations to be based on
 - a. Nation Building
 - b. Growth and Value Creation
 - c. Equitable and Fair Distribution among Stakeholders
3. Five main strategic pillars
 - a. International Rim Positioning
 - b. Establishing hard and soft infrastructure enablers
 - c. Investments in catalyst projects
 - d. Establishing a strong institutional framework and the creation of a strong regulatory authority
 - e. Ensuring socio-economic equity and buy-in from the local population

The CDP is divided into seventeen chapters, in two main sections.

Section A: Framework for Comprehensive Development consists of five chapters. The first two chapters in Part 1 of the section cover the background and context (Chapter 1) and vision and objectives (Chapter 2) of the IDR development. The next three chapters in Part 2 outline development strategies from the standpoint of physical development (Chapter 3), economic development (Chapter 4) and social development (Chapter 5). The overarching theme of this section is to link the interconnectedness of the three main development approaches – physical, economic and social – into the holistic comprehensive development framework that the plan aspires.

Section B: Planning and Implementation consists of twelve chapters divided into five parts. The section builds on the development framework and strategies discussed in Section A and focuses on the “how to” to realise the strategies outlined in the previous section. In particular, specific planning and development initiatives are tabled with an emphasis on specific actionable items. Each of the five parts represents the multi-prong and holistic approach to IDR development, covering the regulatory, legal and institutional framework and (Part 1, Chapter 6), the social and holistic development initiatives (Part 2, Chapters 7 and 8), physical planning initiatives (Part 3, Chapters 9 to 13), infrastructure development initiatives (Part 4, Chapters 14 to 16) and commercial development initiatives (Part 5, Chapter 17).

The CDP also incorporates the required delivery systems required in translating the plan into reality. In particular the CDP incorporates the emphasis given under the Ninth Malaysia Plan, where special provisions were made and RM4.3 billion was allocated for IDR alone.

The IDR encompasses 2,217 sq km of land, making it the largest single development project ever to be undertaken in the region. Envisaged to cover the logistic triangle of Senai Airport to the north, Port of Tanjung Pelepas (South West) and Johor Port in Pasir Gudang (South East), the area has excellent links through the North-South Expressway, road and rail links to Singapore, air links and sea links to Indonesia and the region. Its strategic location and proximity to some of the world’s most rapidly growing and important economies is a key differentiating factor for the development.

The CDP also outlined proposed approaches to minimise key risks that have hampered regional development in the past, including uncoordinated and duplicative development, excessive private value capture and potential marginalisation of the local population.

The IDR is a sustainable development that accounts for the direct and indirect needs of all stakeholders. It will enhance the quality of community life, without compromising the local environment and ecology. In this regard the CDP has given great emphasis in incorporating plans to ensure the preservation of South Johor’s natural environment and in particular South Johor’s unique wetlands which are rich in mangroves and inter-tidal mudflats.

Commercial Development Initiatives

1) Investments Required

- a) The CDP estimates that investments required to generate economic growth and activity as forecast (to attain an average rate of GDP growth of 8% over the period 2006 to 2010) to amount to RM47 billion over the five year period between 2006-2010 and for the 15 years from 2011 to 2025 an amount of RM335 billion will be required.
- b) The immediate focus is to generate sufficient momentum through investments for the first five year period from 2006 to 2010.
- c) In the analysis of Khazanah and the CDP team, current and planned activities suggest that this amount of RM47bn of investments is realistic and achievable. These investments will consist of existing developments already under way and includes new catalyst developments under the Ninth Malaysia Plan and IDR.

2) Investment commitments

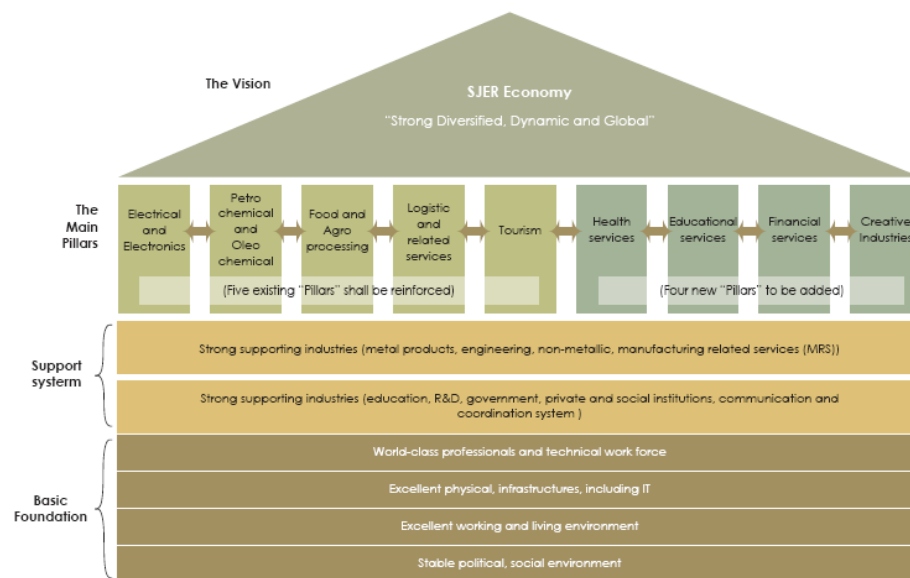
- a) The IDR development is not a wholly greenfield development, as there are already prior to the IDR intervention, many existing development projects already under way. Major developments under way in the five identified flagship zones by five large players, namely PTP, Senai Airport, Nusajaya under the UEM Group, Johor Corporation and several developments in Johor Bahru City as well as normal run rate investments in manufacturing, property and existing industrial clusters in the IDR region which amounts to at least **RM30 billion**.
- b) There are several catalyst developments identified in the CDP under the IDR initiative. Of this, today, at the launch alone, concrete commitments or plans of investments amounting to approximately RM20 billion can already be announced as follows;
 - i) On 17 January 2007, SJIC, Danga Bay Holdings Sdn Bhd ("Danga Bay Holdings") and KPRJ signed the agreements that formed an integrated waterfront development company, Kota Selat Tebrau Sdn Bhd ("KST") that will develop over 4,500 acres of land. SJIC will own 51.2% of KST whilst Danga Bay Holdings and KPRJ will hold 36.5% and 12.3% respectively. The agreements are expected to complete in May 2007.
 - ii) A total of **RM4.3 billion** of projects to be funded by the Government under the Ninth Malaysia Plan has been summarized in the CDP on page 17-5 (reproduced here). The list includes several key catalyst projects identified as critical areas for IDR including for security, highways and roads, river cleaning and sewerage.

Projects	Ninth Malaysia Plan allocation (RM million)
Upgrading of Johor Bahru-Kota Tinggi / Pasir Gudang Interchange	60.0
Skudai Interchange	53.0
Inner Ring Road Interchange	27.0
Rail track to PTP	1.5
Upgrading of Perling Interchange	207.0
2 nd Permas Jaya Interchange	100.0
Senai Interchange	80.0
Road to Nusajaya from Linkedua	75.0
Two interchanges in Jalan Tampoi	67.0
Upgrading of Jalan Tampoi	60.0
Upgrading of Ulu Tiram-Kota Tinggi Road	40.0
Bridge from Tg Pelepas to Tg Bin (Study only)	1.5
Senai-Desaru Highway Land Acquisition	596.0
Senai Airport Infrastructure	100.0
River Cleaning (Sg Seget, Skudai, Tebrau)	903.2
Security (police stations, etc)	330.0
Coastal Highway (land acquisition)	200.0
Traffic Dispersal (Interchanges)	423.0
Senai Skudai Highway	86.0
Drainage	197.0
Traffic dispersal (upgrading, etc)	680.0
Total Approved	4,287.2

Source: Ninth Malaysia Plan, Economic Planning Unit

- iii) Fourth, in addition to the five existing economic clusters, the CDP has identified four targeted new growth sectors, namely in health services, educational services, financial services and ICT and creative industries. This is highlighted in the following Figure.

SJER Development Enabling Framework



Source: SJER CDP 2025

- iv) In this regard, there are various catalyst developments in these targeted sectors currently at various stages of planning and development.

- v) In particular, there are several mixed development projects involving foreign investors that are in advanced planning stages. The initial projects will involve partnerships between SJIC and foreign investors from the Middle East and Asia-Pacific. Khazanah received specific letters of intent or indications of interest to invest approximately RM10bn to spearhead gross development of several multiples over the next five years.
- vi) These projects are expected to generate significant demand from foreign buyers and establish South Johor as an international address in terms of its commercial, industrial, leisure and tourism, and residential sectors.
- vii) Furthermore, there are several other catalyst developments that have been identified including proposals for an International Destination Resort, High-Speed Rail, an ICT and creative industry hub and several others. Further announcements will be made in due course.
- viii) As a new metropolis, IDR needs a new landmark that will capture our aspirations to place IDR on the regional and global map. In addition to the various developments mentioned above, a Khazanah controlled vehicle is in the process of embarking on a design competition for an Iconic Building and Park in IDR. A site measuring 200 acres has been earmarked for this project in Nusajaya.

Five leading local architects and five foreign architects have been selected to participate in this competition, with the winner expected to be announced by the second quarter of 2007.

IDR FAST FACTS

IDR's Key Features

Size

- IDR covers a land size of 2,217 sq km.

Population

- Some 1.35 million people representing 43% of Johor's population. About 66% of the population is of working age.
- Malays 48.2%; Chinese 35.8%; Indians 9.4%; Foreigners 6.6%. One third of the population is estimated to be below 15 years old.

GDP

- GDP for IDR was about USD20 billion in 2005. This is 60% of Johor's total GDP of USD33.4 billion.
- IDR's current per capita GDP is about USD14,790. This is higher than Johor's per capita GDP of USD10,757.
- Services and Manufacturing sectors are the two main pillars of IDR's economy. Services dominate by contributing about USD10 billion in IDR.
- Within the Services sector, Wholesale and Retail trade contributes 42.2%, Tourism and Hospitality (16.8%), Professional and Business (14.6%), Transport and Related Industries (12.7%), Medical and Educational (6.7%), and Financial (6.6%).

Flagship Zones In IDR (refer to map)

1. Johor Bahru
 2. Nusajaya
 3. Port Tanjung Pelepas
 4. Senai Area, Pasir Gudang
 5. Tanjung Langsat
- These areas play host to various key developments in IDR, namely:

1. Johor State New Administrative Centre

Located in Nusajaya, this is the new administrative centre for Johor. State and Federal Government complexes, the State Legislative Assembly, Dataran Mahkota and Chief Minister's Complex will be sited here.

2. EduCity

Dedicated to education, this hub will feature universities, industry-centric R&D clusters, colleges, international schools and amenities. Courses will include medicine, social science, economics, business, agriculture, engineering, computer science, performing arts and others.

3. Medical Hub

This hub consists of two components – Medical Park and Medical City. It will be a leading centre in Asia for medical excellence. Medical treatment, teaching and research and development will be carried out here.

4. Halal Hub

The halal industry is a market worth billions. As a Muslim country, Malaysia has the resources, knowledge and expertise to create this halal hub. Growth of the halal industry will be promoted by encouraging local manufacturing of halal products and exploring new markets to export halal meats.

5. First Class Transshipment And Logistic Hub

The Port of Tanjung Pelepas is Malaysia's biggest transshipment hub. As one of the fastest growing ports in the world, it will drive the development of Johor's economy. The port has won numerous Best Emerging Container Terminal awards. Combining the strengths of Senai Airport, Johor Port and the Port of Tanjung Pelepas will create centres for logistics, inland port and cargo hub.

6. Waterfront City

Located at Selat Tebrau, it will integrate activities around the waterfront thanks to the future development of a marina, sporting facilities, entertainment centres, international hotels, resorts and shopping malls.

7. Cyber Cities And Centres

IDR will have three Cyber Cities – Nusajaya, Johor Bharu Central Planning area and University Technology Malaysia. Their functions are to expand ICT infrastructure and info structure, enhance the ICT cluster and encourage the growth of Cyber Cities and Cyber Centers.

8. Biofuel Hub

Tanjung Langsat Port is dedicated to the nation's biofuel research development centre. This port is part of the heavy duty industrial area. It will have chemical processing plants, ship-building factories, logistic port, and warehouses. It will be the nation's biofuel development centre.

9. Creative And Entertainment Hub

A 1,000 acre park has been dedicated for an extensive digital content industry. This creative and entertainment hub opens new and available opportunities for employment for multimedia graduates.

10. Islamic Financial Hub

As a Muslim country, this movement is not a new attempt but rather an extension of Malaysia's role in Islamic Financing. It is set to become the region's premier Islamic Financial Hub.

11. Commercial, Sporting And Recreational Hub

At every stage of the development that is taking place, commercial, sporting and recreational facilities are made available adding excitement to life in a metropolis.

12. Residential Hubs And Parks

Major housing and development will take place to cater for the expected growth in population in the southern region. At each developmental zone, residential areas will be built to ensure every city has a life on its own. Schools, hospitals and public amenities will also be provided. The southern region will have a variety of parks to visit, like the world's oldest Mangrove Park and the Nusajaya Theme Park.

13. Dugong Sanctuary

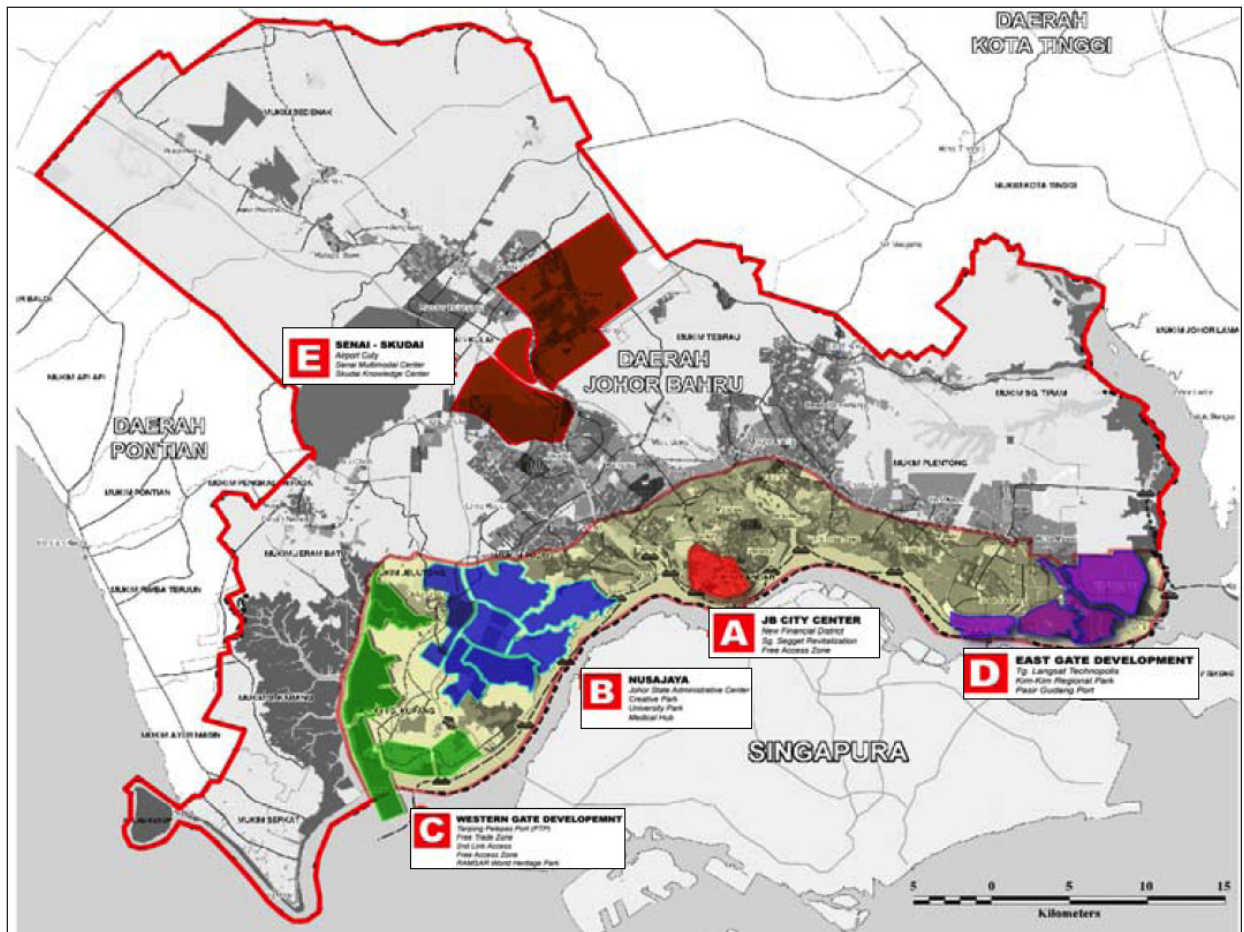
A rare kind of mammal, a site has been dedicated to the dugong as part of the effort to preserve wildlife in IDR.

14. Preservation of Rivers

Rivers are major assets in IDR, with 56 rivers in its areas. Out of these, four rivers – Sungai Johor, Sungai Tebrau, Sungai Skudai and Sungai Pulai are important and play a significant role in human settlement. These rivers will be managed to ensure that the water quality remains at healthy levels.

The IDR will ensure that the following areas are developed:-

- Access to international investments
- International profiling
- Strategic chain for international players
- Promote local companies' ability to compete abroad
- Physical Environment
- Security
- Efficiency in Business
- Friendly Institutions
- Human Capital
- MSC Status
- Fiscal and Financial
- Knowledge and Spiritual Environment



Iskandar Development Region Key Milestones

