THE EDGE THE WEEK OF AUGUST 23 | 2004

City & Country

The methodology
How the companies are ranked

PG3

(Left to right from top left)
Robert Tan, *IGB Corp*
Datuk Seri Liew Kee Sin, *SP Setia*
Datuk Lee Yeow Chor, *IOI Properties*
Tan Sri Mustapha Kamal Abu Bakar, *MK Land Holdings*
Datuk Mohamed Said, *Sime UEP Properties*
Datuk Jagan Sabapathy, *Bandar Raya Developments*
Tan Sri Jeffrey Cheah, *Sunway City*
Dr Radzuan Abdul Rahman, *Island & Peninsular*
Datuk Ghazali Mohd Ali, *Boustead Properties*
Datuk Michael Yam, *Sunrise*

MALAYSIA'S TOP PROPERTY DEVELOPERS

The Edge ranks Malaysia's best players — from the consumer's perspective

TOP 30

RANK	COMPANY
1	IGB CORP BHD
2	SP SETIA BHD
3	IOI PROPERTIES BHD
4	MK LAND HOLDINGS BHD
5	SIME UEP PROPERTIES BHD
6	BANDAR RAYA DEVELOPMENTS BHD
7	SUNWAY CITY BHD
8	ISLAND & PENINSULAR BHD
9	BOUSTEAD PROPERTIES BHD
10	SUNRISE BHD
11	PETALING GARDEN BHD
12	UDA HOLDINGS BHD
13	E & O PROPERTY DEVELOPMENT BHD
14	PELANGI BHD
15	TALAM CORP BHD
16	SELANGOR PROPERTIES BHD
17	COUNTRY HEIGHTS HOLDINGS BHD
18	YTL LAND & DEVELOPMENT BHD
19	DIJAYA CORP BHD
20	GLOMAC BHD
21	DAIMAN DEVELOPMENT BHD
22	EQUINE CAPITAL BHD
23	PARAMOUNT CORP BHD
24	METRO KAJANG HOLDINGS BHD
25	WORLDWIDE HOLDINGS BHD
26	MALTON BHD
27	UNITED MALAYAN LAND BHD
28	HONG LEONG PROPERTIES BHD
29	NEGARA PROPERTIES BHD
30	ASIA PACIFIC LAND BHD

TOP 10

RANK	COMPANY	SOME SIGNIFICANT PROJECTS*
1	IGB Corp Bhd	Mid Valley City, Sierramas, Sri Bukit Persekutuan
2	SP Setia Bhd	Taman Bukit Indah (Johor), Duta Nusantara, Setia Alam, Setia Alam Eco-Park,
3	IOI Properties Bhd	Bandar Puchong Jaya, IOI Palm Garden Resort, Bandar Putra Senai (Johor)
4	MK Land Holdings Bhd	Damansara Perdana, Damansara Damai, Cyberia, Bukit Merah Laketown Resort (Perak)
5	Sime UEP Properties Bhd	UEP Subang Jaya, Putra Heights, Ara Damansara, Bandar Bukit Raja
6	Bandar Raya Developments Bhd	CapSquare, Bangsar Hills, Palmyra Bangsar, Taman Permas Jaya (Johor)
7	Sunway City Bhd	Bandar Sunway, Kiara Hills, Sunway City Ipoh (Ipoh)
8	Island & Peninsular Bhd	Bandar Kinrara, Taman Setiawangsa, Desa Mutiara & Bayan Heights (Penang)
9	Boustead Properties Bhd	Mutiara Damansara , Taman Mutiara Rini (Johor)
10	Sunrise Bhd	Mont'Kiara Sophia, Mont'Kiara Damai, Kiara Designer Suites, Plaza Mont'Kiara, Mont'Kiara Solaris and Seremban Forest Heights (Seremban)

Unless stated the projects are located in the Klang Valley

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Pseudonyms are allowed but please state your full name, address and contact number (tel/fax) for us to verify.

Qualitative attributes (2004)

RANKING	COMPANY
1	Sunrise Bhd
2	IGB Corp Bhd
3	SP Setia Bhd
4	Sime UEP Properties Bhd
5	Bandar Raya Developments Bhd
6	Sunway City Bhd
7	YTL Land & Development Bhd
8	Island & Peninsular Bhd
9	Boustead Properties Bhd
10	IOI Properties Bhd
11	MK Land Holdings Bhd
12	Pelangi Bhd
13	Glomac Bhd
14	Equine Capital Bhd
15	Country Heights Holdings Bhd
16	Petaling Garden Bhd
17	Paramount Corp Bhd
18	Dijaya Corp Bhd
19	Eastern & Oriental Bhd
20	Selangor Properties Bhd
21	Negara Properties Bhd
22	Hong Leong Properties Bhd
23	Mutiara Goodyear Development Bhd
24	Damansara Realty Bhd
25	Malton Bhd
26	Mah Sing Group Bhd
27	E & O Property Development Bhd
28	Daiman Development Bhd
29	Bolton Bhd
30	Metro Kajang Holdings Bhd

Quantitative attributes (2004)

RANKING	COMPANY
1	IGB Corp Bhd
2	IOI Properties Bhd
3	SP Setia Bhd
4	MK Land Holdings Bhd
5	Sime UEP Properties Bhd
6	Sunway City Bhd
7	UDA Holdings Bhd
8	Bandar Raya Developments Bhd
9	Island & Peninsular Bhd
10	Talam Corp Bhd
11	E & O Property Development Bhd
12	Petaling Garden Bhd
13	Boustead Properties Bhd
14	Selangor Properties Bhd
15	Worldwide Holdings Bhd
16	Daiman Development Bhd
17	Dijaya Corp Bhd
18	Country Heights Holdings Bhd
19	Naim Cendera Holdings Bhd
20	KSL Holdings Bhd
21	Metro Kajang Holdings Bhd
22	Pelangi Bhd
23	SHL Consolidated Bhd
24	Asia Pacific Land Bhd
25	Plenitude Bhd
26	Ayer Hitam Planting Syndicate Bhd
27	PJ Development Holdings Bhd
28	LBS Bina Group Bhd
29	Kumpulan Hartanah Selangor Bhd
30	United Malayan Land Bhd

TOP 10 (2003)

RANKING	COMPANY
1	IGB Corp Bhd
2	SP Setia Bhd
3	IOI Properties Bhd
4	Bandar Raya Developments Bhd
5	MK Land Holdings Bhd
6	Sunway City Bhd
7	Sime UEP Properties Bhd
8	Island & Peninsular Bhd
9 (tie)	Sunrise Bhd
9	Pelangi Bhd

TOP 30 (2003) (in alphabetical order)

COMPANY
Asia Pacific Land Bhd
Bandar Raya Developments Bhd
BCB Bhd
Country Heights Holdings Bhd
Dijaya Corp Bhd
FACB Resorts Bhd
Glomac Bhd
Gold Bridge Engineers & Construction Bhd
Hong Leong Properties Bhd
IGB Corp Bhd
IOI Properties Bhd
Island & Peninsular Bhd
Land & General Bhd
Malton Bhd
Metro Kajang Holdings Bhd
MK Land Holdings Bhd
Negara Properties Bhd
Paramount Corp Bhd
Pelangi Bhd
Petaling Garden Bhd
PK Resources Bhd
Selangor Properties Bhd
SHL Consolidated Bhd
Sime UEP Properties Bhd
SP Setia Bhd
Sunrise Bhd
Sunway City Bhd
Talam Corp Bhd
UDA Holdings Bhd
WCT Engineering Bhd

Qualitative attributes (2003)

RANKING	COMPANY
1	Sunrise Bhd
2	IGB Corp Bhd
3	Sime UEP Properties Bhd
4	SP Setia Bhd
5	Bandar Raya Developments Bhd
6	MK Land Holdings Bhd
7	Sunway City Bhd
8	Pelangi Bhd
9	Island & Peninsular Bhd
10 (tie)	Dijaya Corp Bhd
	Negara Properties Bhd

Quantitative attributes (2003)

RANKING	COMPANY
1	IOI Properties Bhd
2	SP Setia Bhd
3	IGB Corp Bhd
4 (tie)	Bandar Raya Developments Bhd
	MK Land Holdings Bhd
	Sunway City Bhd
7	UDA Holdings Bhd
8	Sime UEP Properties Bhd
9	Talam Corp Bhd
10 (tie)	Island & Peninsular Bhd
	Malton Bhd

Top three retain positions

Minor juggling and a newcomer to list, but otherwise little surprise in ranking

| BY THE *CITY & COUNTRY* TEAM |

The Edge Malaysia Top Property Developers Awards 2004 have unfolded little surprise. All the top 10, ranked from the property buyer's perspective, are Klang Valley-based developers that are practically household names.

Not only are the winners outstanding for their size and profitability but they also showcase exemplary quality, timely delivery, innovation, value creation for buyers and creativity.

The exercise, based on five quantitative and five qualitative attributes, covered all the 94 companies listed in the property sector of the Main and Second Boards of Bursa Malaysia.

The quantitative attributes, based on performance in the financial year ended Dec 31, 2003, are: Shareholders' funds, group pre-tax profit, revenue, gearing and cash plus cash equivalents. The qualitative attributes are: Quality of products, innovation and creativity, value creation for buyers, image and expertise. (See opposite for details and the methodology.)

While data for the quantitative attributes was based on published sources extracted by Interactive Data Systems Sdn Bhd, the judging of the qualitative attributes was carried out by a five-member panel comprising the International Real Estate Federation (Fiabci) world president-elect Datuk Alan Tong; Real Estate and Housing Developers' Association of Malaysia president Datuk Jeffrey Ng, Fiabci Malaysian Chapter president Kumar Tharmalingam, Fiabci Malaysian Chapter deputy president Datuk Teo Chiang Kok and *City & Country* editor Au Foong Yee, who also moderated the deliberation. This is the second year of the ranking.

Top 10

It is no mean feat to be ranked as a top 10 developer. The race was neck and neck for many contenders. In the process, a new name has emerged on the list along with some minor position juggling among a few others.

Players like IGB Corp Bhd, SP Setia Bhd and IOI Properties Bhd maintained their sterling performance, both quantitatively and qualitatively. All three retained their respective first, second and third positions which they secured in *The Edge* inaugural ranking exercise last year.

MK Land Holdings Bhd and Sime UEP Properties Bhd managed to gain ground, moving up to fourth and fifth position, respectively, from the fifth and seventh spots the year before.

The newcomer to the top 10 list is Boustead Properties Bhd of Mutiara Damansara fame. Known as SCB Developments Bhd until May this year, it was reclassified four months earlier under the property sector of Bursa Malaysia from plantations. Boustead Properties made it to the ninth spot.

A top 10 developer that is worthy of notice is Sunrise Bhd. Its size is modest compared with developers such as IGB, SP Setia and IOI, but it scored

HARIS HASSAN /THE EDGE

The panellists are (clockwise from left) Kumar, Tong, Au, Ng and Teo

big in terms of qualitative attributes, thus raising its profile.

It is interesting to note that several of the companies that did well in the ranking were relatively unheard of a decade ago. These include companies like SP Setia, MK Land, Glomac Bhd and Equine Capital Bhd.

Those not ranked

It must go down on record that not all the successful developers in Malaysia were considered in the exercise. Only those listed in the property sector of Bursa Malaysia were scrutinised.

This would mean that the property development activities of construction-based Gamuda Bhd and WCT Engineering Bhd as well as plantation group Kumpulan Guthrie Bhd did not qualify for consideration. Gamuda, through its subsidiary, is building the townships of Kota Kemuning (jointly with DRB Hicom Bhd) and Bandar Botanic in Selangor while WCT Engineering is busy with Bandar Bukit Tinggi in Klang. Kumpulan Guthrie is known for its Bukit Jelutong and Bukit Subang developments.

Privately owned property developers have also been left out of the exercise. Petaling Jaya's Bandar Utama is no doubt a winning address, but developer Bandar Utama Development Sdn Bhd does not qualify because it is unlisted. The same goes for Bukit Kiara Properties Sdn Bhd, founded and helmed by panellist Tong, who also founded Sunrise Bhd. Fellow panel member Teo is a director of Bandar Utama Development.

On the other hand, Bandar Raya Developments Bhd is not necessarily what the market would consider a "true blue" developer simply because a chunk of its earnings is derived from manufacturer-subsidiary Mieco Chipboard Bhd. However, the developer has been considered because of its listing in Bursa Malaysia's property sector.

A matter of perception

Without question, perception plays an important role when it comes to judging the companies on their qualitative attributes.

Ultimately, it is up to a developer to convince the property-buying market its qualitative attributes. By the same token, the onus is on a developer to dispel any unjustified negative perception the market may have of the company.

At the end of the day, what a potential property buyer wants of a developer may not necessarily be exactly what an investor wants (see story on Page 4).

In short, a property developer ranked top from the consumer's perspective need not be the fund manager's darling. E

The methodology

How the companies are ranked

The research for *The Edge* Malaysia Top Property Developers Awards 2004 was carried out between June and July 2004 on all the 94 companies listed in the property sector on the Main and Second Boards of Bursa Malaysia.

The ranking, based on the companies' quantitative and qualitative attributes, is from the consumer's perspective. All financial data considered is for the 2003 financial year. It is sourced from published sources through Interactive Data Systems (M) Sdn Bhd.

Quantitative attributes

This aspect of the ranking involves the application of five quantitative attributes: Shareholders' funds; group revenue; group pre-tax profit; gearing (total short-term and long-term debt divided by shareholders' funds); and cash and cash equivalents.

Qualitative attributes

There are five qualitative attributes. They are: Product quality (service, finish, timeliness); innovation and creativity (product, marketing); value creation for buyers (capital appreciation); image and market perception (credibility, management style, effectiveness); and expertise (management, experience).

Points awarded

A maximum of 10 points are awarded for each quantitative and qualitative attribute, 10 being the highest. The awarding of points for the quantitative attributes is straightforward, based on the available data.

For the qualitative attributes, points are awarded by a five-member panel of judges (see information on the panellists on Page 4) amid deliberation on the candidates.

Note: *This is the second year of the ranking. Following feedback from our maiden effort last year, we have slightly amended the process. This year, we did not shortlist the candidates (based on the criterion that they must have a minimum shareholders' fund of RM250 million plus a minimum annual revenue of RM100 million for three consecutive years). Instead, all the 94 companies listed in the property sector of the Main and Second Boards were scrutinised. We have not considered privately owned companies or companies not listed in the property sector but which have property-development activities.*

The ranking has been carried out with the best of intentions. The property development sector, an important engine of growth of the economy, has played and is expected to continue playing a significant role in the shaping of the country's economic health. This is in addition to the need for the sector to fulfil the nation's housing requirements. Given the onus placed on the sector, we therefore feel the need to sieve through the multitude of players to identify and benchmark the country's top property developers, as perceived by the general property-buying public. We have also taken the opportunity to highlight some of their success stories. Feedback and suggestions are welcome. — Editor, *City & Country*

How the developers' stocks performed

The companies that emerged high up the rungs of *The Edge* Malaysia Top Property Developers Awards 2004 will come as little surprise to those familiar with the local property sector.

Since the ranking is geared to convey the general views of the property-buying public, how do these top developers fare for the investor? Have they performed equally well on Bursa Malaysia in the past year?

City & Country came up with some interesting finds based on data provided by Interactive Data Systems Sdn Bhd for an 18-month trading period from the start of 2003. Where applicable, prices have been adjusted for new issues.

Of the top 10 property developers ranked, seven were also the top 10 share performers for the review period.

Consider IGB Corp Bhd. Had you bought its stock at 85 sen on the first trading day in 2003, and cashed out on June 30, 2004, at RM1.25, you would have made a profit of 47% on your investment. Not bad.

Here's even better news. Those who invested in Sunrise Bhd during the same period — entry: RM1.12; exit: RM2.80 — would have made a sterling capital gain of 150%!

Sunway City Bhd is another company that did remarkably well on the share market in the 18 months. Based on an entry price of 62 sen and exit of RM1.50, an investor would have made a neat 88 sen on the ringgit or close to 142% in profit.

Yet another investors' darling must be Glomac Bhd, coming in third in terms of share performance. Glomac is among the top 30 in the property ranking. Those who had invested 97 sen in the company in early 2003 would have walked away with a gain of 131% at the end of 18 months when the share price reached RM2.25.

Island & Peninsular Bhd also performed strongly on the share market, registering a price gain of 125% followed by Bandar Raya Developments Bhd at 95%.

Investors who had believed in Paramount Corp Bhd and Metro Kajang Holdings Bhd would have been rewarded handsomely. Like Glomac, Paramount and Metro Kajang feature in the top 30 of the property developers ranking and would have enriched their investors by 72% and 52%, respectively.

SP Setia Bhd, which secured second position in the top property developers ranking, also proved that it is a good company to invest in. You would have reaped a sound return of RM1.51 profit per share (62%) had you bought its share at RM2.45 and sold at RM3.96 at end-June 2004.

MK Land Holdings Bhd's share price also turned in a solid performance. An investment in this company during the review period would have made you 49% richer.

The share price of IOI Properties Bhd, ranked third in the overall property ranking, started 2003 at RM5.40. At the close of June this year, the price had moved up to RM7.45. Though significant in terms of quantum, the RM2.05 gain works out close to 38%.

Sime UEP Properties Bhd's shares heralded 2003 at RM3.94. By June 30, 2004, the price had climbed 26 sen to RM4.20, registering a gain of close to 7%.

Boustead Properties Bhd may have clinched the ninth spot in the top property developers ranking, but its share dipped four sen from RM4.54 to RM4.50 during the 18-month period under review.

The conclusion is that the top property developers ranking exercise is not totally reflective of the stock market performance of the companies. — *By Au Foong Yee and Vikki Choong*

INTERACTIVE DATA SYSTEMS

Top 30 developers ranked by share performance (Jan 1, 2003–June 30, 2004)

NO	DESCRIPTION	JAN 1, 2003	JUNE 30, 2004	DIFFERENCE	DIFFERENCE
	KLSE Composite Index (points)	**632.43**	**819.86**	**187.43**	**29.64**
	KLSE Properties (points)	**536.06**	**732.39**	**196.33**	**36.62**
		(RM)	(RM)	(RM)	(%)
1	Sunrise Bhd	1.12	2.80	1.68	150.00
2	Sunway City Bhd	0.62	1.50	0.88	141.94
3	Glomac Bhd	0.97	2.25	1.28	131.01
4	Island & Peninsular Bhd	1.95	4.38	2.43	124.62
5	Bandar Raya Developments Bhd	1.12	2.18	1.06	94.64
6	Paramount Corp Bhd	1.42	2.44	1.02	71.83
7	SP Setia Bhd	2.45	3.96	1.51	61.63
8	Metro Kajang Holdings Bhd	1.24	1.89	0.65	52.42
9	MK Land Holdings Bhd	1.68	2.51	0.83	49.40
10	IGB Corp Bhd	0.85	1.25	0.40	47.06
11	YTL Land & Development Bhd	0.76	1.08	0.32	41.45
12	IOI Properties Bhd	5.40	7.45	2.05	37.96
13	Selangor Properties Bhd	1.66	2.26	0.60	36.14
14	Talam Corp Bhd	0.85	1.12	0.28	32.54
15	E&O Property Development Bhd	0.46	0.60	0.15	31.87
16	Petaling Properties Bhd	0.98	1.29	0.31	31.63
17	Negara Properties Bhd	3.08	4.00	0.92	29.74
18	WorldWide Holdings Bhd	1.49	1.90	0.41	27.52
19	Country Heights Holdings Bhd	1.04	1.31	0.27	25.96
20	UDA Holdings Bhd	1.12	1.40	0.28	25.00
21	Pelangi Bhd	0.49	0.60	0.11	22.45
22	Malton Bhd	0.59	0.67	0.09	14.53
23	Daiman Development Bhd	1.21	1.34	0.13	10.74
24	Dijaya Corp Bhd	0.79	0.87	0.08	10.13
25	Sime UEP Properties Bhd	3.94	4.20	0.26	6.60
26	Asia Pacific Land Bhd	0.25	0.26	0.01	2.00
27	Boustead Properties Bhd	4.54	4.50	-0.04	-0.88
28	Hong Leong Properties Bhd	0.53	0.51	-0.02	-3.81
29	United Malayan Land Bhd	1.20	1.14	-0.06	-5.00
30	Equine Capital Bhd	1.48	0.87	-0.61	-41.22

The judges

PICTURES BY HARIS HASSAN/THE EDGE

Datuk Alan Tong Kok Mau
World president elect, International Real Estate Federation (Fiabci)

Executive chairman of Bukit Kiara Properties Sdn Bhd, Tong has earned the distinction of being the first Malaysian property developer to be elected as Fiabci world president for the 2005/06 term. Tong has dedicated more than three decades to the cause of real estate development in Malaysia. After graduating from the University of Sydney in 1959, he worked in Australia for a year before joining the then architect's department of the Municipality of Kuala Lumpur (now City Hall). In 1964, he started his own architectural practice and four years later, founded Sunrise Sdn Bhd, a property development firm. Tong was elected the state assemblyman for Bandar Klang in 1974 and served two terms. Upon retirement from active politics in 1985, he resumed stewardship of Sunrise which was listed on the then Kuala Lumpur Stock Exchange in 1996. Tong cashed out the following year. After a brief hiatus, he returned to the property development scene through Bukit Kiara Properties. Tong is a past president of Fiabci Malaysian Chapter (1994 to 2000) and was Fiabci deputy world president for Asia-Pacific (1997 to 1998).

Datuk Jeffrey Ng Tiong Lip
President, Real Estate and Housing Developers' Association of Malaysia (Rehda)

Ng is also managing director of Asia Pacific Land Bhd, a position he has held since 1992. An economics graduate from Monash University, Melbourne, Ng worked with an international auditing firm in Australia before returning to Malaysia. He then headed the internal audit department of Federal Hotels Group (1981 to 1984) before moving on to the finance, corporate, planning and executive management of business operations in the property and hotel industries. Ng is a member of the Institute of Chartered Accountants Australia, Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He is also vice-president of Fiabci Malaysian Chapter and a member of the Board of Directors of the Construction Industry Development Board (CIDB).

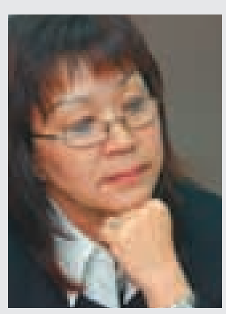
As MD of Asia Pacific Land, Ng abstained from deliberations and the awarding of points for the company during the panel discussion.

Kumar Tharmalingam
President, Fiabci Malaysian Chapter

Kumar graduated from the University of London with a degree in estate management and is a fellow of the Royal Institution of Chartered Surveyors. He has practised as a valuer, was managing partner of Debenham, Tweson, Tharmalingam & Aziz (1978 to 1986) and set up First Malaysia Property Trust, a joint venture between the Bank of Commerce and Austwide, Australia (1987). He joined Taiping Consolidated Bhd in 1992 and was responsible for the development of JW Marriott Hotel and Starhill Centre before he left in 1998 to be the director of Hall Chadwick Asset Recovery Sdn Bhd that restructures and rescues property companies affected by the economic downturn in the region. Kumar has attended and presented many papers on property crisis management, the time-share industry, restructuring of property companies as well as environmental issues affecting real estate at international seminars.

Datuk Teo Chiang Kok
Deputy president, Fiabci Malaysian Chapter

An electrical engineer by training, Teo is a director of Bandar Utama Development Sdn Bhd and been involved in property development for about three decades. He has undertaken a multitude of projects including high-rise commercial and office complexes, shopping centres, industrial and housing schemes. These include the ongoing and popular Bandar Utama township in Petaling Jaya. A past president of Rehda, Teo also sits on the advisory board of the Association for Shopping and Highrise Complex Management.



Au Foong Yee
Editor, *City & Country* and *haven, The Edge*

ABDUL GHANI ISMAIL/THE EDGE

IGB stays in top spot

Small-town developers can compete with the "big boys". IGB Corp Bhd is a classic example.

Started in Ipoh back in the mid-1960s (then known as Ipoh Garden Sdn Bhd), IGB has since gone on to carve itself a place among Malaysia's top property players — for two consecutive years, the group emerged top in *The Edge* Malaysia Top Property Developers Awards.

Profiling IGB is incomplete without mention of its rationalisation exercise with Tan & Tan Development Bhd that was wrapped up in 2002. The exercise paved the way for IGB to continue with its expertise in commercial development while Tan & Tan's track record in delivering quality high-end residential homes is a definite plus factor in the coming together of the two names.

The success story of IGB is made sweeter by the fact that it has no vast estates in its landbank. By the same token, for IGB group managing director Robert Tan, a depleting landbank is indeed the group's greatest challenge.

The 53-year-old Tan cannot help but reminisce about the early days of the company. In 1981, the company was one of the earliest property companies listed on the Main Board of the then Kuala Lumpur Stock Exchange.

"We were like a pioneer in the industry because we were one of the first companies to be listed. Today, we have to compete in an environment where large plantation owners have joined the development scene," he tells *City & Country.*

This limitation, however, is not about to impede the progress of the group which is reputed for its innovation and quality. Each time IGB enters the market, it inevitably builds on its strength of creating innovation. Simultaneously, the group works on achieving a high recurrent income flow from its property investment.

IGB's quest to stand apart from other developers, such as pioneering concepts, has been strewn with challenges, to say the least.

Here is its success story.

Challenges and opportunities

"When we pioneer something, we have to educate the market and most consumers don't want to pay for new concepts. So we have to price it in such a way. But then, when there is acceptance, others will copy us…" laments Tan on the price of being an innovator.

It has been slightly more than a decade that the famed Sierramas in Sungei Buloh was unveiled, then believed to be a pioneer in exclusive living within a gated and guarded development. These days, the concept has become a norm with high-end homes — even those outside the Klang Valley.

The IGB group is not known for building mass homes. "Even if we wanted to enter the mass housing market, we couldn't compete as the existing players would have locked in the land at a lower value. They would be able to offer the homes at lower prices than if we were to go in and purchase land now in the growth areas," Tan explains.

IGB, like Sunrise Bhd, is strong in quality. "We are really concentrated on the high-end luxury market and I think it is difficult for people to fault us on quality," he offers.

Besides high quality, Tan points to other attributes that have helped build the IGB brand, those that will feature prominently in its journey forward. "We have always gone the extra mile to offer better after-sales service. Also, quality and innovation will remain our top priority," he stresses.

IGB's landbank, totalling some 2,000 acres, will be depleted in five years or so. That's why it is keen to partner companies with prime landbank. A case in point: Recently, IGB entered into a joint venture with Landmarks Bhd to develop a housing project on a 130-acre tract in Wangsa Maju, a development that will stretch over the next 8 to 10 years.

Tan also favours recurrent income. His rationale being since property development is subject to cycles that are beyond a developer's control, income should therefore be balanced with investments in commercial buildings, be they shopping complexes, offices or hotels.

Of IGB group's revenue of RM532.16 million posted for the year ended Dec 31, 2003, 30% came from recurrent income. The group recorded a pre-tax profit of RM184.36 million for the year.

"We are on the lookout for commercial buildings both here and overseas like India, Thailand, Japan and South Korea but the most important criterion to us is, apart from having good yield, we must be able to add value to the project and improve its returns. We would also be open to properties foreclosed by banks and abandoned projects," he says.

Mid Valley City

Understandably, IGB is very proud of Mid Valley City, the first phase of which comprises Mid Valley Megamall, six blocks of 17-storey office towers, 30 units of signature offices and Cititel, a 4-star business hotel.

Located strategically half way between Kuala Lumpur and Petaling Jaya, the mall opened for business in November 1999 and was immediately successful. It enjoys almost full occupancy for its 1.7 million sq ft of retail space available for lease which is going for between RM5 and RM40 psf.

The mall will be expanded by 700,000 sq ft of retail space under Phase 2 that will also see the building of two office towers with a total of one million sq ft of space, about 300 serviced apartment units and a business and leisure hotel with 450 keys. Work on the second phase is expected to start next month with completion expected in the first quarter of 2007. According to Tan, Mid Valley Phase 2 will cost RM700 million. Also featuring in the Mid Valley City master plan is Phase 3, comprising one million sq ft of office space.

Tan is a firm believer that for a shopping centre to thrive, there needs to be a complete development mix that will be able to sustain the lull times. He explains: "We need to create the population and this is where the offices and serviced units come to play. The hotel will attract tourists, who are big spenders."

Expanding the floor space of the mall means getting in more tenants. A task that cannot be easy given the stiff competition posed by the mushrooming of malls in the Klang Valley in recent years. On top of this, Tan is fussy about who his tenants are.

"We intend to take Mid Valley to another level; we want to attract a totally different breed of retailers." By that, Tan means the company will be going more up-market and lifestyle-driven. "We want to move towards the [Suria] KLCC-retailer-type standard," he enthuses.

To achieve this, Tan's team has gone on road shows both in the country and throughout the region. The response, he says, has been encouraging.

Tan is realistic. Given the niche positioning of the mall's up-and-coming phase, he does not expect the same traffic volume now seen at the existing mall. "Every month, there are two million visitors. We expect to have half of that in Phase 2, which will appeal to a more niche market," Tan explains, adding that the new wing will have 6,000 parking bays.

Northpoint Towers

Northpoint Towers is yet another development coming up within the greater Mid Valley City. It comprises serviced residences and office space with the SOHO (small office home office) concept. The office space is targeted at those wishing to own their own working space at an affordable cost.

To render it a more attractive investment, the office space will be sold based on a modular basis — buyers can opt for the desired size based on their needs and affordability. "This is a popular concept practised overseas. To make it work here, we have done extensive research on the acceptable concept and approach," Tan says.

In total, there will be 500,000 sq ft of office space and 250 units of serviced apartments featuring built-up from 1,200 sq ft. The indicative price for both is RM350 psf. This will put the total gross development value of the project in access of RM200 million. Work on this project started 18 months ago with completion expected in March next year. The launch is expected next month.

Development activities aside, IGB is awaiting the completion of the injection of its unit Mid Valley City Sdn Bhd, owner of Mid Valley Megamall, into listed vehicle Kris Components Bhd, which is expected by next month. Last November, the company entered into a tripartite agreement with Amtek Engineering Ltd and Kris Components, whereby IGB will acquire Kris Components from Amtek Engineering and pump Mid Valley City Sdn Bhd into Kris Components. In turn,

KENNY YAP/THE EDGE

More retail and office space will feature within Mid Valley City under its subsequent phases

When we pioneer something, we have to educate the market and most consumers don't want to pay for new concepts. So we have to price it in such a way. But then, when there is acceptance, others will copy us… — Tan

Kris Components will dispose of its assets, except cash, to Amtek Engineering. This move basically enables IGB to unlock the value of its investment in Mid Valley City while still keeping it within the group. Ultimately, Kris will emerge as one of the first property investment companies listed on Bursa Malaysia.

More niche projects

IGB is working on building more niche and high-end housing projects. These will be on Jalan Sultan Ismail, Jalan Stonor (both high-rise condos) and Jalan Mesh, all in Kuala Lumpur. The Jalan Mesh project, a joint venture with the landowner, will feature low-rise condo development due to height restrictions in that location. These three projects are expected to debut within the next six to nine months, and are expected to be priced at an indicative range of RM500 to RM600 psf.

Learning curve

If there is anything that is deeply engrained in Tan, it is that a player to be reckoned with must be able to ride out the bad times.

"We first started work on Mid Valley in 1996 and when the crisis set in, ours was one of the few construction sites where cranes were still operating day and night. It was something that was mooted more than a decade ago, and finally after much vision and hard work, we opened in 1999," he proudly reveals.

"We spent RM250 million on the infrastructure under the first phase and it was worth it. There will be more infrastructure works to complement the second phase. The other factor is that one must have the stomach [financial ability] to carry such a mega project through," he sums up.

Going forward, IGB is definitely a property development company to watch. — *By Jennifer Gomez*

PICTURES BY ABDUL GHANI ISMAIL/THE EDGE

Setia Alam is slated to be SP Setia's new flagship development. The developer spares little effort in showing off what it can do through impressive-looking show units.

No complacency at SP Setia

It was a languid afternoon, grey clouds casting a sombre mood, but SP Setia Bhd's group managing director and chief executive officer Datuk Seri Liew Kee Sin was, as usual, raring to go.

The 46-year-old greeted *City & Country* with a wide smile, obviously pleased at being told that his company has, for the second consecutive year, been ranked among the top 10 in *The Edge* Malaysia Top Property Developers Awards 2004.

A true blue businessman, Liew zeroed in on the opportunity to show off a show bungalow in SP Setia's latest development, Setia Alam in Shah Alam. And it was inside one of the show units that the interview continued.

Liew, as those working with him will attest, is a truly hands-on manager. Take the Setia Alam project. He visits the project site at least once a week.

"We have projects all over the country, so I can't allocate more than one day unless it's necessary. But it's imperative that I visit the sites constantly; I have to be attuned to the happenings to ensure a smooth flow of operation," enthuses Liew. No doubt, he has high expectations of his staff. And of himself.

For sure, Liew views the ranking seriously. The fact that SP Setia was ranked second in 2003 was not something that the company took lightly. "While being second was fine, we had to look into the drawbacks that led us to the second spot. Since last year, we have been looking at building the company's brand and image, as branding is essential in securing the public's interest and loyalty," states Liew on updating the group's activities the past year.

Full steam

SP Setia has been in the limelight a lot these days — from the group's purchase of 13.05 acres of land in Sri Hartamas for RM48.2 million for its high-end Duta Tropika to the signing of a joint-venture agreement with the Employees Provident Funds (EPF) and Great Eastern Life Assurance (M) Bhd to develop 791 acres of the high-end Setia Eco-Park. The development value of the park is estimated at RM2.3 billion and 2,900 housing units comprising mainly semi-detached houses and bungalows are planned for it. Last month, the company started selling the 278 bungalow lots, ranging from 8,300 to 13,000 sq ft and priced at an average of RM60 to RM71 psf.

Simultaneously, work is going full steam ahead on the development of Setia Alam, a township covering 2,500 acres in Shah Alam. The tract is part of the 3,930 acres the group had acquired from See Hoy Chan Plantations Sdn Bhd in early 2002 for RM597.3 million.

In April this year, the first official launch comprising 2,050 units of 2-storey terraced houses with plots sized from 18ft by 65ft to 20ft by 70ft was launched amid much pomp, attracting almost 5,000 people to the day-long event. The units, with built-up ranging from 1,304 to 1,662 sq ft, are tagged from RM170,000 to RM315,500.

Slated to be the group's new flagship development, Setia Alam is expected to be a self-contained township incorporating the developer's trademark features such as fully furnished show units, town parks and a high-end eco park. Once completed in another 20 to 25 years, Setia Alam — with an estimated gross development value of RM5 billion — is expected to contain 37,000 units of 2-storey terraced houses, semi-detached units, apartments and commercial units.

To add value to Setia Alam, SP Setia is building the Setia Alam interchange on the New Klang Valley Expressway-Jalan Meru link. Now almost 30% completed, the RM150 million interchange — the sum is borne entirely by the group — is expected to be ready in the first quarter of 2006.

"We plan the company's land acquisition in a way that we have various projects running concurrently at four different stages. Nearing the tail-end of our development at Pusat Bandar Puchong, we have now plunged headlong into Setia Alam, a project that will keep us busy for the next 20 to 25 years. It's important as a reputable company to ensure a consistent stream of income," says Liew emphatically.

For the financial year ended Oct 31, 2003, SP Setia recorded a group revenue of RM821.74 million with a group pre-tax profit of RM179.09 million, a significant increase of 26.9% from 2002. For the current year, Liew estimates the group revenue to be close to RM1 billion, given the progress of the projects SP Setia is now working on.

Liew does not believe in resting on his laurels. "We are constantly looking at new ways to upgrade our image and serve customers better. With good branding, our property can command premium prices, thus satisfying our shareholders too. Of course, providing quality homes goes without saying," he stresses.

To date, SP Setia has built signature townships such as Pusat Bandar Puchong, Bukit Indah Ampang, Setia Indah and Bukit Indah, Johor. The group has so far secured various awards for its concrete corporate image and outstanding developments. Some of these are *Asiamoney*'s Top Ten Overall Best-Managed Companies in 2003, Kuala Lumpur Stock Exchange Corporate Excellence Merit Award and the Best Landscape Award (national category) for its Setia Indah, Johor township in 2002.

Going forward

Liew is excited about its higher-end products coming up in Duta Tropika and parts of Setia Alam. He expects Duta Tropika to repeat the success of Duta Nusantara, also in Sri Hartamas — all the 178 bungalows and semi-detached houses launched in late 2002 have been sold, generating sales revenue of nearly

Liew does not believe in resting on his laurels. Despite turning in a good performance last year, the company is constantly looking at new ways to upgrade its image and serve customers better.

RM327 million. Duta Nusantara, an exclusive enclave nestled on 35 acres of prime freehold land, marked the group's maiden high-end development. With Duta Tropika, targeted to be launched next month, Liew hopes to further enhance SP Setia's expertise in high-end development.

"We have initiated various customer-oriented programmes to train our sales and marketing team to be our ambassadors. In terms of quality, we have definitely made positive strides to strengthen our brand through intensive marketing efforts and trend-setting development concepts and ideas," he says.

The Setia Alam Eco-Park, spread over 791 acres on the eastern flank of Bandar Setia Alam, has Liew waxing lyrical. "It's going to be truly amazing; it offers top-quality living set in natural verdant environment. It's gated and secured living in a refreshing surrounding. The bungalow show units are already on display in our show village. It truly encapsulates a novelty lifestyle experience," says Liew, who is a nature enthusiast himself. His holiday trips are mainly spent scouting for innovative ideas and designs that might come in handy for SP Setia's development projects.

Setting trends

Recent years have seen SP Setia joining the league of developers that spare little effort in showing off what they can do through impressive-looking show units.

"The show village helped us to identify the likes and dislikes of our prospective buyers. We were able to correct our mistakes thanks to the feedback provided. Besides upgrading our quality, we are looking at better ways to complement our branding efforts," says Liew, adding that the ranking by *The Edge* adds credibility to SP Setia's efforts.

Besides investing in show villages, numerous activities are also being held in Setia Alam, Setia Indah in Johor and the company's other existing townships to build ties with the local community. Events such as large-scale carnivals and parties are held to commemorate festive periods or special occasions such as launches, and Mother's and Father's Days.

To further enhance customer service, a new department known as Service Quality Management was formed recently to spearhead customer-focused initiatives. Liew says to keep staff, they are constantly appraised and graded to keep them on their toes.

"Complacency should never be encouraged. When another developer comes up with a better plan, I am forced to ask my staff why we didn't come up with it first. I come from a humble background and worked hard to get here, I would encourage and support anyone who is willing to work hard," he confesses.

Liew's constant thirst for knowledge has also influenced him to set up and contribute to various education funds. "Our company's ultimate aim is to secure the No 1 spot in your ranking but don't expect us to slow down even after securing the top spot. As long as I am here, that will never happen," says Liew confidently. — *By A Yogesh* E

IOI Properties knows its

IOI Properties Bhd has an established reputation for size and financial muscle. While in the past, the developer's priorities have been to maximise profitability and practicality, an increasingly competitive marketplace coupled with rising demands of buyers have brought winds of change for the developer, though not at the expense to its key fundamentals of delivering on time and maximising gains.

Clinching third place in this year's *The Edge* Malaysia Top Property Developers Awards 2004, it is a given that the company's balance sheet helped IOI score highly in terms of quantitative aspects.

The developer has successfully developed sizeable tracts of land like its 1,000-acre Puchong Jaya development. Its financial ability to bear the holding costs, allowing a staggering of launches, no doubt helped to add value to the project.

Only in recent years has Puchong Jaya been considered an up-and-coming address. The story was somewhat different up until around 1990 when IOI, one of the first major developers in the area, initiated the self-contained mixed development township Bandar Puchong Jaya. In the process, the Puchong address received a boost and this in turn attracted a host of established developers keen on a slice of the cake.

Engaging in projects of scale has earned the developer equally generous rewards. For the financial year (FY) ended June 30, 2003, the group achieved a lower RM509.9 million in revenue from RM538.8 million in 2002. Group pre-tax profit stood at RM240.3 million in FY2003, marginally lower than RM245.2 million in 2002.

However, for the year ended June 30, 2004, the group's unaudited accounts show an improved group revenue of RM678 million and a significantly higher group pre-tax profit of RM326.2 million.

Group executive director Datuk Lee Yeow Chor says: "For FY2004, we have performed very well with sales up 50% on a year-on-year basis compared to 2003."

Lee attributes the improved performance to sound strategy combined with factors like good market sentiment, low interest rates and government incentives, adding, "We are proud that our performance remains consistent regardless of good or bad times."

IOI's Klang Valley projects Bandar Puteri, Bandar Puchong Jaya and IOI Resort account for 70% of group property sales. The strong demand for these projects is due to their location, namely Puchong, Putrajaya and Cyberjaya, areas which offer easy access via the network of highways and road.

In the same vein, Lee has similar aspirations for Bandar Putra Kulai in Johor, a project which began in 1996. "We believe it bears a resemblance to Puchong in respect of the surroundings and social conditions present," he says.

Asked about the quality of IOI's products, Lee laments that there is a common misunderstanding of "quality" in the marketplace. "People think that if you build high-end homes, your quality will be better than that of a developer of low/medium-cost housing. Quality, in fact, covers all aspects including type of project as well as efficiency of planning. Good workmanship and sound construction are also a must.

"As a developer of mixed developments, we believe in delivering value for money and good customer satisfaction and feel that buyers of our low-cost homes are more satisfied than with what the competition offers."

He says despite positive buyers' feedback so far, the company cannot afford to be complacent but must continue to improve, adding that it is these fundamentals that allow IOI to consistently give satisfactory returns to shareholders.

But of even greater significance is the developer's change in focus. Known has a developer of "mass housing" in the past, Lee makes it clear that the plan is to move into higher-end housing and commercial development.

"We are selling large-sized semidees in Puchong for around RM1 million and are also modifying our house designs to suit changing preference and tastes, namely the younger more cosmopolitan group of house buyers. This group tends to prefer the 'minimalist' concept so we are using architects who have greater exposure to the latest trends. The houses will be built with materials which give a 'modern' feel as well as providing IT features to suit the needs of this group of buyers."

Bandar Putra Kulai

On the 5,800-acre freehold Bandar Putra Kulai located about 28km north of Johor Baru, he says the township as well as a number of focused developments in the vicinity will enjoy sound infrastructure.

For instance, the Senai Airport Terminal (SAT), which has been privatised and is to be developed into a regional air-cargo hub. "Together with the second-link highway that ends in Senai and the recently announced dual carriageway from Senai to Desaru costing RM1.4 billion, overall access to the township is greatly enhanced," he says.

Population growth in this area is also higher than the Johor state average. Lee points out that these are some of the factors that will spell success for the project. Additionally, there will be a 27-hole golf course, district community centre and sports hall to complement a selection of high-end residences — semidees and bungalows priced at around RM500,000 and RM750,000, respectively.

Lee also comments that the overall planning of the area is excellent because there are no small pockets of land. "The fact that a few big developers were involved has resulted in large, well-planned townships."

The integrated community set-up of Bandar Putra Kulai also offers Kulai's first modern shopping complex, the IOI Mall Kulai. The opening of the mall has sparked increased commercial activities and boosted the profile of the area. Lee states that the sheer size of Bandar Putra Kulai means its development duration is stretched to around another 15 years.

People think that if you build high-end homes, your quality will be better than that of a developer of low/medium-cost housing. Quality, in fact, covers all aspects including type of project as well as efficiency of planning. Good workmanship and sound construction are also a must... We feel that buyers of our low-cost homes are more satisfied than with what the competition offers.
— Lee

market well

PICTURES BY HARIS HASSAN/THE EDGE

IOI's Bandar Puchong Jaya together with its other Klang Valley projects Bandar Puteri and IOI Resort account for 70% of group property sales. The strong demand for these projects is due to their location, which offers easy access.

So far, 1,800 acres of the 5,800 acres has been developed, generating around RM1.3 billion in sales to date.

Lee takes pride in the fact that IOI succeeded in "beautifying" Puchong and is optimistic of a repeat performance in Kulai.

Recipe for success

Asked about IOI's recipe for success, Lee says the key lies in the execution of plans and strategies that encompass areas from the site layout to swift decisions made on the types of properties to be launched based on prevailing market conditions.

When pressed, this is his summary of the IOI formula: "Our 25 years experience as a developer, a familiarity with the location of the development plus our intimate knowledge of the market."

"Prolonged experience in an area enriches the developer with an understanding of the concerns of local authorities and community leaders in respect of services and amenities. This way, we are able to work hand in hand with the important stakeholders in the development," continues Lee.

In IOI's case, the company has been able to grow with the target market by tracking the growing affluence of the market, changing demographics and age profile as well as evolving change in tastes. Such market data determines the developer's mix of products.

"We have progressed from a township developer per se to a community developer. This means that we actively introduce various elements to promote a vibrant, modern, close-knitted community living," he says.

The developer also aims to fulfill "physical" elements by catering to residents' demands — shopping, recreation, community centres, town parks and sports centres and education facilities are featured in the integrated townships.

It also actively promotes the setting up of residents' associations to promote open channels of communication with residents through its customer service, regular newsletters and community websites.

Future plans

Reiterating the developer's desire to deliver excellent after-sales service as well as maintaining the quality of its homes, Lee, without quoting numbers, says the building and maintenance department has been expanded to about one-quarter of the company's total staff force.

The developer is also keen to increase its property investment portfolio which currently includes about 1.4 million sq ft of net lettable retail and office space located in Malaysia and Singapore. "In the past few years, we've found that the capital appreciation of properties is very high so we would like to reap the benefits by keeping some commercial properties for future income." At present, property investment accounts for less than 10% of the total profits of the group.

There are plans to expand the group's presence in Puchong. "We are planning the largest indoor badminton complex in Malaysia. This attraction will allow us to further promote development of libraries and trendy F&B outlets in the surrounding areas," says Lee. IOI, he reveals, has another 1,000 acres for development located in the Puchong-Putrajaya corridor.

Lee would not comment on the competition, except that he is confident of his team's commitment: "With continued leadership from the top management, clear strategies, good work culture among management and staff, years of accumulated experience and track record, we are optimistic that we will be able to repeat our performance in the future." — *By Vikki Choong* E

From left: Roslan, Teh, Kasi, Mustapha Kamal, Mohanachandran and Chan form the senior management team of MK Land Holdings Bhd

MK Land builds on staff's strength

The first-floor meeting room in MK Land Holdings Bhd headquarters in Damansara Perdana was bustling with members of the senior management team headed by none other than the group's founder duo Tan Sri Mustapha Kamal Abu Bakar and Datuk P Kasi.

Such an assembly is not a rarity at MK Land. It is a reflection of MK Land executive chairman Mustapha Kamal's strong conviction that the group is not made up of an individual (or two) but, instead, is a combination of talents, expertise and experience of its people.

"The visions and directions of the group come from me and Datuk [Kasi]. My senior management people, such as Mohan, Chan, Teh and Roslan, will then translate these visions and directions into plans, systems, procedures and strategies. These will then be implemented by the individual workers, or implementors," Mustapha Kamal tells *City & Country.*

(K Mohanachandran is the chief operating officer of Zaman Teladan Sdn Bhd, Tema Teladan Sdn Bhd and Segi Objektif Sdn Bhd; Peter Chan is the chief operating officer of Saujana Triangle Sdn Bhd and Paramoden Sdn Bhd; Peter Teh is MK Land's chief operating officer of corporate planning and services; and Roslan Ali is the general manager of corporate communications. Zaman Teladan, Tema Teladan, Segi Objektif, Saujana Triangle and Paramoden are wholly owned by MK Land.)

MK Land, says Mustapha Kamal, is built based on the team effort of professional managers. All the managers' strong points are then "synergised" to form a formidable force. He points to Kasi and Teh as two ideal examples. The former brings to the group his expertise as an architect and planner while Teh offers vast knowledge of finance and accounts. "It is a combination of these strengths. That's what MK Land is all about."

MK Land aspires to be a group that focuses on property development as its core business. In line with this vision, the group disposed of its entire equity interest in Perfect Food Manufacturing (M) Sdn Bhd and Fairway Review Sdn Bhd and a 69.95% stake in Markins Corp Sdn Bhd in the financial year ended June 30, 2003, for RM6.7 million cash.

Its mission: To strive towards excellence in providing quality services and products through teamwork for the betterment of the organisation, society and nation.

Adapting to change

During the deliberations by members of the qualitative judging panel, it has been noted that several property developers who made it to the top 10 positions in *The Edge* Malaysia Top Property Developers Awards 2004 are companies that have been listed on Bursa Malaysia for 10 years or less. MK Land is one such company.

MK Land was listed in 1999 following a reverse takeover of Perfect Food Industries Bhd, then listed on the Second Board. Later that year, the group acquired three major projects from the Emkay group, also headed by Mustapha Kamal — Damansara Damai, Taman Bunga Raya and Bukit Merah Laketown Resort — for RM603.5 million through a share swap. The move increased the group's paid-up capital from RM19.9 million to RM1.174 billion, paving its way onto Bursa Malaysia's Main Board.

Kasi, the executive director of MK Land, says while some may look at MK Land as a new name since it has been listed for just five years, the two founders have a combined 51 years of experience in property development.

Mustapha Kamal started his career as a civil servant but went on to become the managing director of Shah Alam Properties Sdn Bhd (SAP) in 1977 before venturing into property development on his own in 1983 by forming the Emkay group. Kasi, an architect by training, was in the private sector before starting his own practice in 1985.

The two first met back in early 1980s through their respective involvement in the property industry. It was only in 1992 that the duo joined forces to undertake their first project together, the 1,600-acre Bukit Merah Laketown Resort in Perak.

Mustapha Kamal says being "young" does have its advantages as the group is more fluid and therefore more able to adapt quickly to the changes in the property market. "The property development industry is continuously evolving. If a company is too old, or has been listed too long, it faces the danger of becoming a dinosaur," he reasons.

He says 20 years ago, due to a shortage of houses, a developer could sell practically every home without putting much effort into the design. "The property market is more competitive now and developers need to always come up with new designs, new products and new ways of doing business in order to stay ahead of others."

MK LAND

MK Land's landbank as at June 30, 2004

PROJECT	LANDBANK (ACRES)	POTENTIAL GROSS DEVELOPMENT VALUE (RM MIL)
Damansara Perdana, Selangor	580	7,651
Damansara Damai, Selangor	50	1,068
Cyberia, Selangor	30	158
Taman Bunga Raya, Selangor	250	613
Langkawi Lagoon Resort, Kedah	40	470
Ipoh projects, Perak	250	242
Bandar Lembah Beriah, Perak	2,850	2,346
Bukit Merah Laketown Resort, Perak	1,400	2,625
Taiping Resort , Perak	45	238
TOTAL	**5,495**	**15,411**

Strong financial growth

MK Land moved up a spot in this year's ranking to fourth place, helped by its strong financial showing for FY2003. The group recorded a robust 43% growth in pre-tax profit of RM253 million from the previous year's of RM177.million annualised following a change in its financial year from Dec 31 to June 30. Group turnover went up by 20% from RM718.2 million annualised for 2002 to RM849.2 million.

For FY2003, the Damansara Perdana development was the most significant contributor to the turnover with RM298.6 million in sales. Other significant contributions came from Damansara Damai, Cyberia and Bukit Merah Laketown Resort. Damansara Damai raked in RM105.6 million in sales followed by Cyberia (RM102.6 million) and Bukit Merah (RM70.2 million).

Kasi expects the 750-acre Damansara Perdana to continue to be the group's biggest breadwinner. Located strategically in the Damansara development hotbed, the RM8.1 billion township is 30% developed with sales totalling RM1 billion since its debut in 1996. The township, to be completed in seven year, marks MK Land's move from affordable homes into the higher-end market, in line with its philosophy of being a property supermarket.

Going forward, Kasi says the group is aiming for a consistent growth of about 15% as well as to gradually increase the dividend payment to shareholders. So far, the group is on target. It posted a higher unaudited turnover of RM752.2 million for the first three quarters of FY2004, up 15% from last year's RM656 million in the corresponding period. Pre-tax profit is up by 12% to RM199.7 million for the first three quarters of 2004 compared with RM179 million in FY2003.

Market capitalisation of RM6 billion

When *City & Country* met Mustapha Kamal and Kasi last year, the duo had outlined the group's goal to achieve a market capitalisation of RM6 billion by June 2007, and to emerge as one of Malaysia's top 15 public-listed companies.

Kasi says the group has achieved a market capitalisation of RM3 billion so far based on its current share price of RM2.50 and issued shares of 1.17 million. The highest share price achieved was RM3.40. (At press time last Wednesday, MK Land closed at RM2.26.)

PICTURES BY MOHD IZWAN MOHD NAZAM/THE EDGE

"Considering the earnings growth and our projected target of 15% growth every year, we should be able to achieve our target on market capitalisation by 2007. However, this is subject to the vagaries of the market," he says.

On becoming one of Malaysia's top 15 public-listed companies, Mustapha Kamal says it would be more realistic now to achieve the target of RM6 billion market capital by June 2007 and become one of the country's top 20 public-listed companies.

He says the group had not anticipated the fact that larger companies such as PLUS Expressway Bhd and Astro would go for listing. "At the time, we calculated that having RM6 million market capital by June 2007 would ensure we'd be in the top 15. Today, having a market capitalisation of RM6 million would realistically put us in the top 20 public-listed companies. We are happy with that."

Sizeable landbank

While MK Land is not a plantation-backed group, the group currently has a sizeable landbank of some 5,500 acres which will keep it busy for the next 10 to 15 years (see table opposite). All these have been approved for development with a potential gross development value of RM15.4 billion. As such, the group is in no hurry to acquire new landbank. In fact, no land was acquired in FY2003.

Still, it is not discounting any new land buy. Since the group already has several big projects under its wings, like Damansara Perdana, Bukit Merah Laketown Resort and Bandar Lembah Beriah, it is keen on smaller tracts with strategic location in the Klang Valley. To minimise holding cost, these tracts must have immediate- to medium-term development potential of 18 to 24 months.

Kasi also does not discount MK Land having a greater presence out of the Klang Valley, especially in Penang and Johor.

Future launches

The group is not resting on its laurels. Mustapha Kamal says several launches have been planned for the current year to ensure that the group achieves a 15% growth. These feature a basket of products, ranging from mixed development to high-end products, a move in line with the group's philosophy of being a property supermarket.

"For the sake of argument, if we were to experience a recession in the next year or so, the group would just stop the launch and development of products with no demand and move on to those that have a ready market," says Mustapha Kamal.

The "star" among the group's future launches are the bungalow and semi-detached villas in Damansara Perdana, said to sit on the highest peak in the township and the Klang Valley at 330m above sea level. Details are not immediately available.

Other launches on the cards are in Damansara Damai in Selangor, Kampung Air Villas (on the lake) in Bukit Merah Laketown Resort and townhouses at the Taiping Resort in Bukit Jana. More details are not immediately available.

Always improving

Mustapha Kamal says the group is constantly striving to improve the quality of its products and services to buyers. These days, selling a quality product is no longer sufficient; customer service also plays in integral part.

"For example, people now are looking for convenience. They don't want to go to different project sites in one day to look at different products offered by different developers," he says. Thus MK Land's focus on becoming a property supermarket — a one-stop property shopping entity from low-cost products to high-end homes — centred in Damansara Perdana.

To further improve customer service, MK Land has struck up a strategic alliance with home loans provider, Malaysia Building Society Bhd (MBSB). MBSB will give a reply within eight days of documents submission on whether the loan is approved.

Kasi's parting words: Buyers can expect in MK Land's new launches more innovations, especially those with high-end price tags. — By *Hazatul Syima Haron* E

The 750-acre Damansara Perdana is expected to continue to be MK Land's biggest breadwinner

Sime UEP: 40 years of quality

Choosing his words carefully, Datuk Mohamed Said, managing director of Sime UEP Properties Bhd, says that while being ranked highly in *The Edge* Malaysia Top Property Developers Awards 2004 is a prestigious acknowledgement, the company regards quality its topmost priority, with or without awards.

"As inculcated by our late chairman Tun Ismail, our motto is to provide good products and services because that's what the consumers require and that's what you want to do. And if you win an award along the way, that's an extra pat on the back. However, if we don't, we are not going to adopt a lackadaisical attitude. We will strive to do better," says Mohamed, who was appointed managing director in July 1990.

Having successfully built signature townships like Subang Jaya and USJ, the group has spread its wings beyond the Klang Valley to Johor and Negri Sembilan. However, with active development projects in Bandar Bukit Raja in Klang and Ara Damansara, Mohamed concedes that the Klang Valley remains its focal development location.

Going up

Established in 1964 as United Estates Projects Ltd, Sime UEP Properties has done better in the ranking this year, moving two notches up to fifth position from last year. Its current star projects, Putra Heights and Bandar Bukit Raja, have put the group on sound financial footing. Launched in 1999, Putra Heights, which is coming up on 1,796 acres of freehold land, has been instrumental in filling up the group's coffers as planned.

Since the financial setback faced by the company in 2001, which saw its group pre-tax profit drop to RM112.7 million from RM150.3 million in 2000, things have been looking up. For the year ended June 30, 2003, the group posted a pre-tax profit of RM184.9 million on a turnover of RM469.25 million.

The improvement is expected to have continued into the financial year just ended. "Compared with the previous year, we are expecting at least a 15% improvement in profit for the last six months," says Mohamed. The company is expected to announce its 2004 results next month.

It is no surprise that the developer is doing better. Improved accessibility to Putra Heights, following the completion of the RM10.8 million "trumpet" interchange on Lebuhraya Damansara-Puchong, has been instrumental in promoting the township, which has launched about 43% of its planned 11,500 housing units. The developer plans to complete the township, with an estimated gross development value of RM2.6 billion, by 2008.

Bandar Bukit Raja — Sime UEP's maiden foray into Klang — has helped awaken the northern part of the town. Launched in the final quarter of 2002, this township has been seen as a catalyst for other developers entering Klang. The 5,300 acres of land acquired by Sime UEP in 1996 is being developed on a joint-venture basis with Consolidated Plantations Bhd.

Some 1,263 of the housing units in Phase One have been launched since the township made its debut in 2002. The gross development value of the first phase has been estimated at RM2.1 billion. When completed, Phase One will comprise 10,340 homes and 589 commercial and 67 industrial units. This development will keep the developer busy for the next 20 years.

A brand to be reckoned with

Thus far, Sime UEP's properties have been sold on its reputation as a reliable developer and the location factor.

The developer is mindful of its branding and quality. "Once you have established the brand, the next move is to improve and sustain the quality," says Mohamed.

Having bagged four Fiabci (International Real Estate Federation) awards for Best Residential Development for both Subang Jaya (1994 and 1995) and UEP Subang Jaya (2000 and 2001), there is little doubt that Sime UEP is a brand to be reckoned with in so far as residential development is concerned.

MOHD IZWAN MOHD NAZAM/THE EDGE

As inculcated by our late chairman Tun Ismail, our motto is to provide good products and services because that's what the consumers require and that's what you want to do. And if you win an award along the way, that's an extra pat on the back. — Mohamed

The group also prides itself on having been the first property developer in Malaysia to be awarded the ISO 14001 Environmental Management Systems in 2000. The achievement further strengthens the company's resolve to continue with environmentally friendly developments.

Having introduced and popularised innovative ideas such as loft houses, wet and dry kitchens and 1½-storey link houses that are ideal for young couples in its projects, the developer has earmarked more creative breakthroughs for the coming year. This will involve layout, façade design and technologically enhanced homes (smart homes).

Making sizeable profits is every developer's desire but they should not forego social obligations, stresses Mohamed. Which explains Sime UEP's commitment to have green lungs in its developments. One of its latest projects — Ara Damansara — has benefited greatly from this, through the inclusion of the "Green Street" among its features.

Mohamed says it has never been the developer's policy to just make money. And since money is not the sole motivating factor, Sime UEP is committed to improving the quality of life of all Malaysians.

"Our developments cater to a wide spectrum of people; we never neglect the lower-income group. We provide low-cost homes in all the prime areas of our township and 30% of our revenue comes from this. That's why we tend to come in lower in the financial ranking compared with the bigger guns out there," says Mohamed with a wry smile.

Rich versus poor

For Mohamed, a developer's priority should be customer satisfaction followed by its obligation to society. He expresses concern over how some developers could be creating a chasm in our society by developing exclusive high-end enclaves that do not feature any middle- and low-end homes.

"The rich and moderate are being slotted in different locales while the underprivileged are tucked away in one godforsaken area. Our

homes

ABDUL GHANI ISMAIL/THE EDGE

HARIS HASSAN/THE EDGE

Sime UEP is synonymous with USJ (left). The developer is commited to have green lungs in its developments, one of which is Ara Damansara (above).

advantaged community has this aversion to the downtrodden. When we wanted to build a low-cost development in USJ 16, residents of the double-storey and semi-detached homes picketed against it. However, the Menteri Besar of Selangor gave us the green light. Look at how arrogant our society has become," laments Mohamed.

He fears that such alienation has resulted in small pockets of underdeveloped areas dedicated to the poor. Similar to Harlem in the US, we have our own neighbourhood ghettos where the crime rates are alarmingly high, he claims.

"I am not against the idea of making money, but it has to be done conscientiously. You must remember that as a developer, not only are you planning a development but also perpetuating a community. You don't want to be responsible for a community that is apathetic and oblivious to the social conditions around them," Mohamed opines.

Looking ahead

With the Putra Heights, Ara Damansara and Bandar Bukit Raja projects, Mohamed feels that the coming financial year would see a definite increase in revenue.

"We will continue to concentrate on what we do best, which is developing landed residential properties. With our proven track record and quality products, I don't think we can go wrong," says Mohamed, who adds that the developer has learnt valuable lessons from some of the mistakes it made in Subang Jaya and USJ.

"For our Subang Jaya and USJ residents, traffic congestion has become a major source of displeasure. But for residents of Bandar Bukit Raja, there will be better accessibility, thanks to the New Klang Valley Expressway and the New North Klang Straits Bypass," says Mohamed. The latter is planned to be a self-contained township, he adds.

Schools, Mohamed points out, are one of the most important features in any township, especially if you're looking at a family-oriented community. With the construction of the popular Chinese school Pin Hwa in the heart of Bandar Bukit Raja, the developer expects to create a comprehensive educational hub. "There are more plans in the pipeline that will be revealed as we go along," says Mohamed.

Armed with nearly four decades of experience, a quality brand and a proven track record, Sime UEP is geared for a good year ahead.

"The crux of the matter is to continue improving the quality and finding better ways to service our customers. Rankings and awards are secondary but they are definitely a boost that's always welcome," concludes Mohamed. Did I see a twinkle in his eyes? — *By A Yogesh*

Expect more from BRDB

When *City & Country* spoke with Datuk Jagan Sabapathy a year ago, there was a certain reservation sprinkled with plenty of caution as he answered questions on the Bandar Raya Developments Bhd (BRDB) group.

At the time, the group had just undergone a change in shareholding with Datuk Mohamed Moiz J M Ali Moiz acquiring a controlling stake of 32.75% in the company from Multi-Purpose Holdings Bhd. Now the chairman of BRDB, Mohamed Moiz first emerged in the corporate limelight when his privately held Effective Capital Sdn Bhd was given the task of ensuring the orderly migration of shares of Malaysian companies that were frozen on the Singapore-based Central Limit Order Book.

In those days, the market had been curious on the new thrust for BRDB, known for developing high-end products in the exclusive residential enclave of Bukit Bandaraya in Bangsar, Kuala Lumpur. The question was, would the company move away from property development towards manufacturing via its 56% interest in Mieco Chipboard Bhd? Or would it continue to build quality high-end products such as Tivoli Villas, Sri Penaga and Bangsar Puteri?

Well, a year later, Jagan is all smiles and brimming with confidence, enthusiasm and passion as he talks about the progress that the group has made in the past year and its ambitious plans.

To those who thought the company would fade from property development, the chief executive officer has this to say: "No! Capital N O with flashing lights and ringing bells! In fact, we're more focused now, more driven and eager to move the property benchmark higher with our projects."

On Aug 16, the group unveiled its new vision, mission and logo, and a new set of corporate values to strengthen its brand in property development. And the group has lined up an impressive array of projects to be unveiled in 2004-05, a list that few developers can match.

By the look of things, BRDB's property plate is pretty full. Its RM1.3 billion flagship project CapSquare is back on track and ready for its maiden launch next month. The project, previously called Capital Square, had been stalled since 1998 due the economic crisis of 1997-98.

The Bangsar Shopping Centre (BSC) is 100% occupied with prospective tenants queuing, says Jagan. The group has 20 acres of land scattered in Bangsar and there are plans to extend BSC.

Several niche and boutique projects in the Klang Valley are scheduled for launch in the next year or so, among them being the "6½-star" residential project in Jalan Binjai, Kuala Lumpur. Others include the nine-acre "6-star" condo project in Bangsar dubbed the Kerry Hill project and the 12-acre condo project in Segambut (see table).

Elsewhere, plans are afoot to develop two parcels of land in Ukay Heights, acquired last year for a total of RM59 million. No details are immediately available except that this project is scheduled to be put on the market early next year. Then there is also the planned launch of a project at Langgak Golf next year, for which details are not yet available.

Beyond our shores, BRDB has finalised its debut overseas project in Lahore, Pakistan. The 50:50 partnership with the Defence Housing Authority of Lahore will be developing a 340-acre mixed township with a gross development value of RM1.5 billion.

Mieco's contribution

So, BRDB's focus on property will be stepped up. But the role of Mieco in the group cannot be dismissed. For the year ended Dec 31, 2003, the group recorded a turnover of RM339 million, of which RM182 million or 54% came from Mieco.

> If anything, we are getting better year by year. And we've taken the bar higher. The aim is for BRDB to be the top property developer in town, to be the best. — Jagan

Jagan expects property development to up its contribution in the next year or so with the launch of several multi-million ringgit projects. The contribution to group revenue will climb to 60% against 40% in manufacturing.

Investors, he says, should look at the group and its twin business focus positively. When there is a slowdown in the property market, the group can fall back on its manufacturing activities. "What other property developer[s] can claim to have the same advantage?" asks Jagan.

Listed on the Main Board of Bursa Malaysia since 1998, Mieco is now Malaysia's top chipboard manufacturer. The plan is for Mieco to emerge among the top three chipboard manufacturers in Asia-Pacific with the completion of its new plant in Kechau Tui in Kuala Lipis, Pahang, early next year.

The RM300 million factory, designed and built by a German company, Dieffenbacher GmbH, will triple the production capacity from the current 300,000 cu m per year to 940,000 cu m. This, says Jagan, will enable Mieco to meet the increasing overseas demand for chipboards.

Branding

Listed in the Properties section of the Main Board since 1968, BRDB celebrates its 40th birthday this year.

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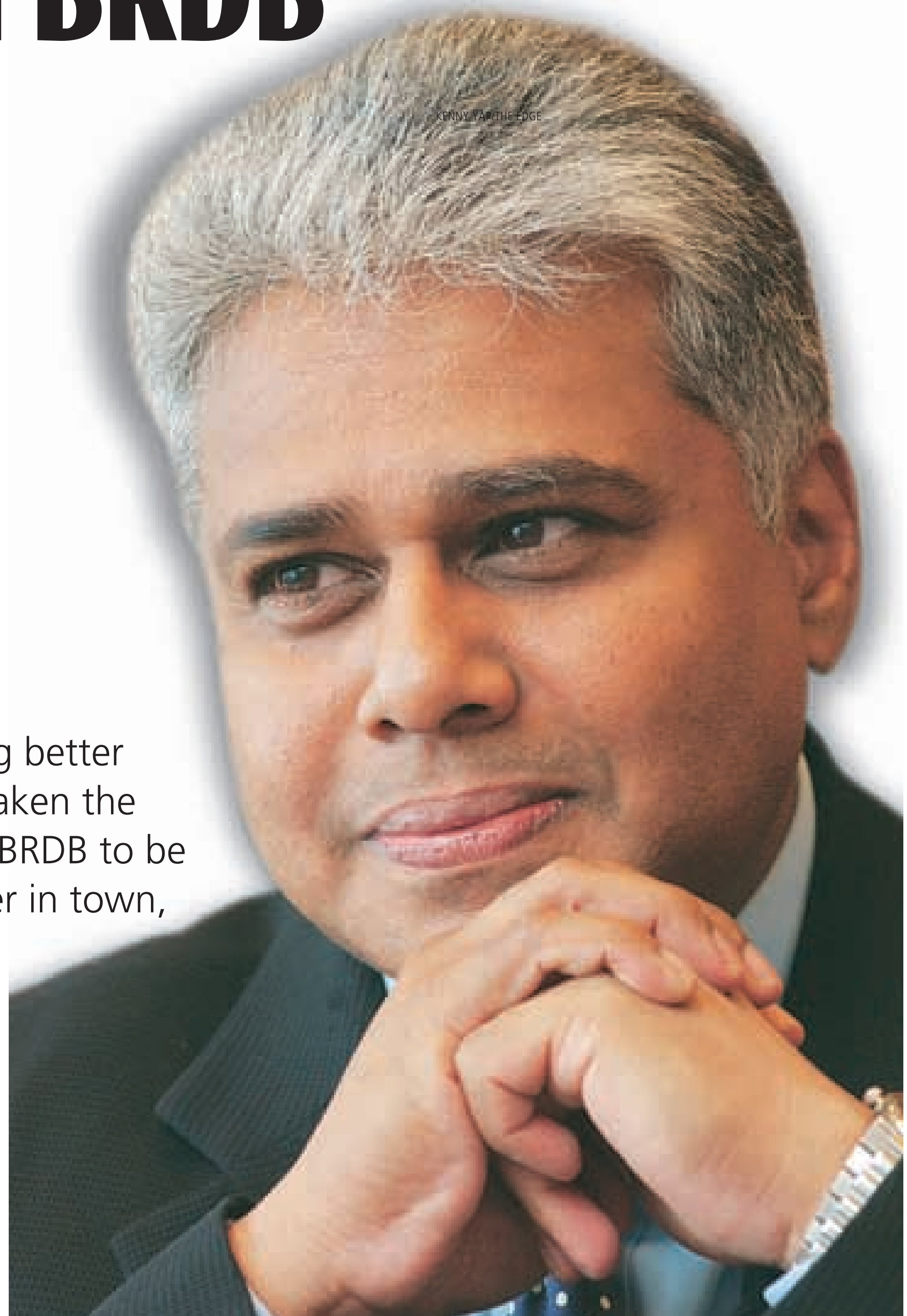
KENNY YAP/THE EDGE



LEE LAY KIN/THE EDGE

BRDB's RM1.3 million CapSquare flagship project, stalled since 1998 due the economic crisis of 1997-98, is now back on track and is ready for its maiden launch next month

BRDB

Five of BRDB's planned launches in 2004-05

CapSquare

- Formerly known as the Capital Square project
- On 15.2-acre freehold land in Jalan Munshi Abdullah, Kuala Lumpur
- Initial plans were to build 750,000 sq ft of retail space
- New master plan offers 3.8 milllion sq ft of integrated development
- Net retail space of 103,312 sq ft will be retained for recurrent income
- Gross development value of RM1.3 billion
- Project component: Four office towers (including the existing Menara Multi-Purpose); four signature office buildings, two high-rise condo blocks, a 4-storey shopping centre and a 300m boulevard or retail street.
- Condos to be launched next month (indicative pricing: RM450 psf; indicative built-up: from 1,200 sq ft)
- Retail component to be launched in January. Details not available.
- Designed by international retail design consultant Sudhakar T Desai

Jalan Binjai project

- Flagship development
- Gross development value of RM400 million
- On two acres of freehold land in Jalan Binjai, Kuala Lumpur
- 500,000 sq ft of residential space (condominiums)
- 50,000 sq ft of retail/commercial space (to be rented out)
- Indicative pricing for condos is RM1,000 psf

Extension to Bangsar Shopping Centre (BSC)

- On a 1.75-acre freehold plot right behind the existing BSC
- Will be linked to BSC via a courtyard
- Also designed by Sudhakar
- To be launched next year
- Will add another 100,000 sq ft in retail space for rent at BSC
- Will also offer 100,000 sq ft in office space for rent

Kerry Hill project

- On nine-acre freehold plot behind BSC
- Gross development value of RM550 million
- To be launched end-2005
- Designed by Australian architect Kerry Hill, who received an Aga Khan Award for Architecture in 2001 for designing the 5-star Datai Hotel in Langkawi Island

Segambut condos

- On 12-acre freehold land in Segambut
- Land acquired in 2003 for RM59 psf or RM33 million
- To be developed in three phases
- Comprise four to five blocks of condos
- To offer one million sq ft in residential space
- Gross development value of RM344 million
- Expected to be launched end 2004
- Indicative pricing of RM320 psf to RM350 psf for a price tag of RM400,000 to RM500,000
- Indicative built-up of 1,200 sq ft onwards

Sunway on track to regaining past glory

Setbacks do not deter Sunway City Bhd from picking up the pieces and moving on, declares Tan Sri Jeffrey Cheah, founder and chairman of the Sunway Group.

He is in a rather contemplative mood for this interview. Attired formally in a suit, he quietly acknowledges Sunway City's place among the top 10 in *The Edge* Malaysia Top Property Developers Awards 2004.

"We are back in action and there won't be any dwelling on the past," he says. "The gloom and doom period is over and done with. Subsequent to our restructuring exercise last year, we have set the path to rebuild what we have lost."

The group suffered a severe backlash from the 1997/98 Asian financial crisis. However, with its ongoing corporate restructuring and degearing exercise, Cheah asserts that the group is back on track, with its focus on property development and investment.

Sunway City was incorporated as Sri Jasa Sdn Bhd before a name change to Sunway City Bhd in April 1996. What started out as 494 acres of former mining and quarrying land in Petaling Jaya expanded to 800 acres and transformed into Bandar Sunway. The township has since gone on to successfully encapsulate the developer's vision of creating "Resort Living within the City".

Sunway Lagoon Resort, the developer's flagship project, opened its doors in 1992 and Sunway College's development started the same year. Then in December 1996, Sunway Lagoon Resort Hotel, a five-star deluxe hotel-cum-convention centre, opened for business. This was followed by Sunway Pyramid, Malaysia's first fully themed shopping, entertainment and fun mega-mall, in August 1997 and then The Sunway Medical Centre in 1998.

"Bandar Sunway was our landmark project, a comprehensive township that no one expected to turn out the way it did. However, it became our trump card, something that helped to build our name and bail us out during the hard times," says Cheah, who was picked "Property Man of The Year 1993/94" for the Sunway Lagoon development by Fiabci (International Federation of Real Estate)'s Malaysian Chapter. The water park is deemed to be the only one built 150ft below road level in a quarry crater.

A lot of property development has to do with timing, and given the thriving property market, Cheah feels that now is the time for the group to move aggressively with its new launches.

"We have targeted exciting property launches in our main project sites; this will keep us occupied throughout the year. We are also in the midst of securing more land to replenish our depleting stock. We are definitely looking somewhere within the Klang Valley and also as far as Penang. The market is bullish, so we are maintaining a very positive outlook," he enthuses.

Jewel in the crown

A discussion on Sunway City's achievements would be incomplete without mentioning Kiara Hills, an exclusive residential development coming up on Mont'Kiara, a much sought-after address in Kuala Lumpur. In fact, it would not be wrong to call Kiara Hills Cheah's favoured project for the moment.

And it is easy to see why.

It is in Kiara Hills that the Sunway group, better known for its medium to high-end housing developments, is bent on stamping its mark of quality. Cheah is clearly passionate about this project which is designed with luxury in mind. The exclusive and elevated enclave of 32 acres will house 88 freehold bungalows designed by Cheah as "the ultimate dream home". In addition to the bungalows would be 34 units of luxurious courtyard homes.

"Five designers have combined their talents to come up with exclusive designs for the bungalows. These will have the ambience of resorts, with traditional Asian elements thrown in, such as kampung-styled roofs, well-landscaped gardens and unique indoor and outdoor baths. The outdoor bath is definitely my favourite," chuckles Cheah, pointing to the five show bungalow units complete with pools.

He is pleased that Kiara Hills, dubbed the "Beverly Hills of Malaysia", has set a new benchmark in pricing for bungalows in the area, with prices ranging from RM4.5 million to a cool RM5.9 million.

"Owing to the Sunway brand, we are able to command a premium price; 10% to 15% higher than the usual high-end bungalow units in the vicinity," explains Cheah.

With land area ranging from 6,684 to 11,442 sq ft, the built-up comes up to 6,234 to 7,977 sq ft. Each unit has six rooms and six bathrooms but this is subject to, as far as possible, changes required by a purchaser. The gross development value of the 88 bungalow units has been estimated at RM450 million and at press time, the developer had sold 48 units.

Phase Two of Kiara Hills features 34 courtyard homes with total estimated development value of RM85.8 million. With built-up ranging from 4,420 to 5,200 sq ft, the units are pegged at around RM2.5 million or more. These are now for sale.

Cheah says there are plans for a third phase.

Property galore

While going upmarket, the developer is not about to ignore the lesser-priced market. It is currently developing a 110-acre freehold housing project north of Damansara in a joint venture with landowner Syarikat Permodalan Kebangsaan Bhd. The Sunway SPK Damansara project is expected to feature mainly $2^1/_2$-storey terraced units, which are priced from RM538,888 onwards. The Sunway brand has also been extended to Shah Alam via Sunway Kayangan and Sunway Damansara in Kota Damansara.

The current bestseller in the developer's portfolio is Sunway Damansara, a joint venture between Sunway City and the Selangor State Development Corp. The 400-acre development is part of the leasehold 4,000-acre Kota Damansara. With Taman Tun Dr Ismail, Damansara Utama, Bandar Utama and the Tropicana Golf and Country Resort in its neighbourhood, Sunway Damansara has become a popular location.

PICTURES BY KENNY YAP/THE EDGE

Cheah: We are back in action and there won't be any dwelling on the past... we have set the path to rebuild what we have lost.

Kiara Hills: Dubbed the 'Beverly Hills of Malaysia'

"Besides the location and product, we believe our track record and branding have helped boost sales," offers Cheah.

Apart from these launches, the developer is also looking at getting started on Bandar Sunway's final tract of 163 acres dubbed Precinct Selatan. Scheduled to be launched in the first quarter of next year, the project will boast good architectural designs.

"It will have a huge lake as its main feature and I can assure you that it'll be fantastic," says Cheah. The development will comprise 5,000 residential units ranging from medium to high-end.

Cheah also talks about the company's 1,300-acre project in Tambun, Ipoh — this was postponed because of the recession but is back on track and expected to be completed in six years. Now almost 20% complete, the developer is concentrating on the water theme park that's based on Sunway Lagoon's concept.

"We have also commissioned spa operators to create a spa centred on the Tambun hot springs. With our lifestyle residential development comprising bungalows and semi-detached houses, it will be a novelty township, almost similar to Bandar Sunway," says Cheah.

The developer is planning a succession of launches by the end of this year at seven different projects in the Klang Valley and Ipoh. Worth nearly RM1.2 billion, these are estimated to bring in sales revenue of no less than RM850 million.

Looking for new landbank

FROM PAGE 18

In the past 12 months, the group has undergone a branding exercise aimed at ensuring that it stays ahead of competition. This culminated in the recent unveiling of the group's new logo, vision, mission and values. It aspires to attract both new and younger customers to its future products such as serviced apartments at CapSquare while retaining its loyal followers.

The new values of BRDB are to be proactive, engaging and responsive, to go beyond the benchmark and set a high bar for itself and the property industry. These will be done while engaging the community in its projects. On top of this, the group will be responsive to changes in the market — similar to its move to change the plans for the stalled CapSquare.

Maintaining profit despite lower revenue

In *The Edge*'s inaugural Ranking of Top Property Developers in Malaysia last year, BRDB came in fourth behind IGB Corp Bhd, SP Setia Bhd and IOI Properties Bhd. This year, the group dropped two places to sixth, with the fourth and fifth placing going to MK Land Holdings Bhd and Sime UEP Properties Bhd, respectively.

For financial year (FY) 2003, the BRDB group posted a lower revenue of RM339 million from FY2002's RM351 million, due mainly to a lower contribution of RM157 million by the property division. In FY2002, property accounted for RM185.6 million in turnover, the amount boosted by the RM50.5 million disposal of its 247-acre freehold commercial land at Seremban 2, Negri Sembilan.

It must be noted, however, that group pre-tax profit for FY2003 improved by 4% to RM62 million for FY2003, against the RM60 million posted in FY2002. This is due to profit recognition arising from the completion of properties sold in previous years. There were also gains of RM10.1 million from sale of marketable securities.

Certainly, Jagan expects BRDB to be stronger financially given 2004-05's planned property launches with a total potential gross development value of RM1.5 billion, starting with CapSquare next month.

Indeed, unaudited first-quarter results for FY2004 show BRDB posting a turnover of RM94.3 million, up 39% from RM67.9 million posted in the corresponding quarter last year. Group pre-tax profit also jumped significantly from RM7.8 million in the first quarter of FY2003 to RM21.6 million.

The group attributes the strong results mainly to more property sales with 42 units sold compared with only 20 units in the corresponding quarter in FY2003. This is topped by a 27% rise in Mieco's revenue to RM49.6 million due to strong chipboard sales. The first quarter of 2004 also saw a write-back of impairment loss of marketable securities of RM3.8 million, against an allowance for impairment loss of RM5.9 million in the corresponding quarter in FY2003.

In the next few years, the group plans to more than double its current gross rental income of RM30 million a year to RM70 million, as part of its risk management strategy. This will be achieved with the extension to the BSC, the CapSquare project and the Jalan Binjai project totalling some 253,312 sq ft of retail space.

For 2003, BSC recorded a 10% growth in rental returns of RM27.5 million from RM25 million in 2002. This translates into 92% of the group's rental income of RM30 million in FY2003, with the remaining 8% coming from its retail centre in the Permas Jaya township in Johor.

Creating values for buyers

One of the observations about BRDB has been that it has been quiet in 2003 with no new launches.

This, Jagan explains, has been a deliberate move so that the group could focus on timely delivery and quality of its properties sold, as well as to acquire landbank in the Klang Valley.

The group, he continues, had wanted to concentrate on its core value of creating value for buyers such as that of its two projects in Bukit Bandaraya — Bangsar Hills and Palmyra Bangsar.

Launched in 2002, the 11-acre Bangsar Hill offers exclusive gated community living with 31 resort-style bungalows priced between RM4.6 million and RM7.1 million (land area: 8,643 to 22,204 sq ft; built-up: 6,360 to 8,200 sq ft). These have been sold out.

The group spent about RM8 million on Bangsar Hills' softscape and hardscape which includes a linear park running throughout the development, tropical trees and plants of local and imported variety, walkways and roads made of natural stone and a Balinese-style water feature at the entrance. "The quality of the product is such that the units have appreciated in value by 25% to 30% from the original price," says Jagan.

The value of Palmyra Bangsar, also launched in 2002, has also gone up by 30% to RM550 psf from the RM490 to RM500 psf range, according to Jagan. The project comprises 60 spacious apartment units, each with three parking bays, priced from RM1.5 million to RM2.5 million (built-up: 3,051 to 5,021 sq ft). All units have been sold.

Increasing landbank

BRDB does not have a huge landbank similar to that of plantation-based companies. Its 683 acres in the Klang Valley and Johor have an estimated gross development value of RM4.56 billion.

This is inclusive of its acquisition last year of several tracts of prime land in the Klang Valley for niche and high-end developments. Among the new buys: 6.25 acres of residential land in Taman Duta; three adjoining parcels measuring 11 acres in Segambut next to Mont'Kiara; 1.8 acres in Hulu Klang; 0.58 acres in Langgak Golf; and three parcels of adjoining land totalling two acres in Jalan Binjai.

BRDB, Jagan says, will continue to source for new plots to expand its landbank in prime locations in the Klang Valley, those with immediate- to medium-term development potential of 12 to 24 months to minimise holding cost. These plots must also have a superior potential return of 25% to 30% of the gross development value.

Lahore project starts geographical diversification

The group is looking at geographical diversification to protect it from economic downturns in the country. BRDB's partnership with the Defence Housing Authority of Lahore, a housing pension fund for the army, involves the building of a 340-acre mixed development township that will see an 18-hole international-class golf course, bungalows, semi-detached homes, a retail centre, shopoffices and condominiums. BRDB plans to start selling the products next year.

The joint venture came about through the networking of Mohamed Moiz, whose family hails from Pakistan. Jagan is excited about Pakistan and he does not discount the possibility of greater BRDB presence there.

Besides Pakistan, the group also has been offered to develop several projects in China but Jagan terms the property industry there as "toppish" or saturated. BRDB, he adds, has also received offers to develop projects in India but he finds the property market there a bit more "restrictive".

Going forward

Expect to hear more from BRDB, says Jagan. "If anything, we are getting better year by year. And we've taken the bar higher. The aim is for BRDB to be the top property developer in town, to be the best."

The condominiums and retail space expected to be unveil in Jalan Binjai in November at an indicative price of RM1,000 psf for the residential units will underline the group's desire to set the benchmark in the property industry. Designing the project is renowned architect Lord Norman Foster. Without elaborating, Jagan says this project will change the skyline of the city. "It certainly will be an icon of Kuala Lumpur."

BRDB will be an interesting property developer to watch. — *By Hazatul Syima Haron* E

A new wing is being constructed at the Sunway Pyramid Shopping Centre. It will have a state-of-the-art design and facilities and is expected to be opened in April 2007

Among the main launches would be the 190 units of 2½-storey terraced houses in Sunway SPK Damansara and 16 units of linked bungalows in Sunway Damansara. The latter will be priced from RM2.5 million. Prospective buyers in Ipoh will be given a chance to be a part of the Sunway brand with the launch of Garden Villas in Sunway Ipoh City. The 48 units, with a built-up of 2,000 sq ft, are expected to be priced from RM210,000.

Banking on its strengths

Besides these development activities, Cheah is looking at other sources of recurrent income. One is the four-star Pyramid Tower at Sunway Lagoon Resort Hotel, which opened its doors recently. The RM220-million hotel with 534 rooms is expected to chalk up RM120 million in revenue by the end of this year. According to Cheah, the hotel is expected to attract mainly businessmen and holidaymakers from around the world. "We are also planning to promote it as a convention centre, ideal for exhibitions and corporate events."

Another highlight for the group will be the second phase of Sunway Pyramid Shopping Centre, which will boast a state-of-the-art design and facilities. The new wing, which will be called Sunway Pyramid 2, is under construction. It is expected to be opened in April 2007 and will add 700,000 sq ft of lettable retail space to the existing gross built-up of 2.5 million sq ft. This wing offers a gross built-up of 1.03 million sq ft and the expected rental rate will be similar to that of the main shopping centre — ranging from RM10 to RM25 psf.

The new wing's layout will include a boulevard overlooking Sunway Lagoon's man-made waterfall and an internal bus station. The nearly RM450-million Phase Two will feature speciality restaurants, concept stores and exclusive entertainment centres once it opens its doors in three years.

"With the construction of the new phase, we would be able to recapture our position as one of the premier shopping centres in the Klang Valley," states Cheah.

Sunway Pyramid has won The Best Shopping Centre Award 2000 from the Malaysian Chapter of the International Real Estate Federation (Fiabci). As for Sunway Lagoon Resort, it won the Fiabci Prix d'Excellence Award 2002 in the leisure category.

Landbank

With its current landbank of 2,500 acres scattered over the Klang Valley, Ipoh and Penang, the developer will be kept busy for the next 8 to 10 years. The group is looking at replenishing its landbank. "We are definitely looking within Klang Valley and, of course, other states such as Penang and Johor. If possible, we would try to avoid joint ventures," says Cheah, who adds that this year marks the Sunway group's 30th anniversary.

"We have survived the rough period and with our resolve for excellence, we will emerge again as one of the top property developers in the country," says Cheah. Property development will contribute at least 80% of the group's earnings in the next two years, he adds.

For the year ended Dec 31, 2003, the group made a pre-tax profit of RM107.13 million on a turnover of RM728.64 million. For the first quarter of FY2004 ended March 31, unaudited group pre-tax profit was RM46.29 million achieved on a revenue of RM255.07 million. In comparison, for the first quarter ended March 31, 2003, group pre-tax profit was RM21.52 million on a turnover of RM170.13 million.

"With all the plans put into action, we're sure of recapturing our past glory. Whether or not we're ranked, we will continue with our motto of giving the best in everything," says Cheah resolutely. — *By A Yogesh* E

I&P's housing developments in the Klang Valley are Taman Setiawangsa (right) and Bandar Kinrara. Going forward, Bandar Kinrara will feature strongly in the developer's plans .

PICTURES BY HARIS HASSAN/THE EDGE

I&P rides on trust

When talking about quality developers, the name Island & Peninsular Bhd doesn't immediately come to mind. Why? The company's strength in building quality homes and creating communities was not well publicised until a few years ago, explains its managing director Dr Radzuan Abdul Rahman.

"There has always been a structured consistency in the quality of our homes and in our success in creating happy communities. But it may not have been articulated as such," he stresses.

Yet the fact that I&P has been ranked eighth among the top 10 property players by *The Edge* is indication enough that it is a developer to be reckoned with. Certainly, its customers will attest to this.

Radzuan shares a case of customer loyalty with *City & Country*: "A Penangite called us to say he was planning to buy property in Kuala Lumpur and that he only wanted to buy an I&P home. We asked him why. His reply was that not only did he live in an I&P home, growing up with his family in Penang, but his siblings, aunts, uncles and cousins had all bought our homes in Kuala Lumpur and Penang!"

And this is not an isolated case, says Radzuan. After all, I&P has housing developments up north — Taman Sri Nibong, Desa Mutiara I and II and Bayan Heights. In the Klang Valley, there are Taman Setiawangsa and Bandar Kinrara.

I&P's strong following was seen recently in the take-up of its homes in the Taman Setiawangsa development. According to Radzuan, "a good number of the purchasers were those upgrading from their smaller homes in the same area". And in Bandar Kinrara, the developer is known to price its units lower than the developers nearby. This, explains Radzuan, makes for better capital appreciation for the buyers.

A new frontier

The 40-year-old I&P has recently moved into new territory, one that is bound to keep Radzuan and his team very busy.

Under a major rationalisation exercise by Permodalan Nasional Bhd, the controlling shareholder of Golden Hope Plantations and I&P, the core businesses of the two companies have been streamlined, with I&P emerging with the property development business.

Now I&P will have to take on new challenges, explore new options, set higher standards and realise better returns.

"We will continue to be driven by our guiding principle, that is, to build on the trust of our buyers, employees, contractors, suppliers and relevant authorities. We will also continue to draw strength from our brand name where one can expect quality, timely delivery and reasonable pricing for our products," Radzuan says.

But even with its stringent policies, the company had problems of late delivery and defects in its Ampang 971 townhouse project. Launched in 1997, the 124-unit townhouse project on Jalan Ritchie, off Jalan Ampang, was completed in 2000.

To address the problems, I&P implemented a quality check mechanism requiring its non-operational staff to inspect the stages of construction from a buyer's perspective. This worked and the issues of poor quality and delays were immediately rectified.

Going forward, the company has the edge in being the developer with the largest landbank in the country, post-rationalisation. Its portfolio has grown from 3,034 acres to 19,053 acres. To handle this, Radzuan has already devised a master plan that will involve teaming-up with other parties to speed up development on its tracts wherever possible.

To meet raised expectations, the developer is also fast-tracking its migration into the high-end sector. As the company lacks a track record in this area, it is actively considering potential partners, including Singapore firms, which have expressed interest to participate in its joint-venture plans.

Certainly, I&P's new status, plans and ideas will bring new critics with new complaints. But so far, it has been smooth sailing. Its annual general meeting on July 20 went well, with over 200 shareholders attending. Radzuan says he was pleasantly surprised at their unanimous support for the management and its plans.

"Everyone present gave us their full support. They basically told us they were very happy with the management and that they backed our plans 100%. In fact, one of them suggested that a retirement fund be set up for the directors of the company so that we remain in good health to be able to steer the company forward," Radzuan laughs.

For the year ended Jan 31, 2004, I&P posted a group turnover of RM555.1 million, up 13% from FY2003's RM490.7 million. Group pre-tax profit for FY2004 improved a significant 49.3% to RM165.7 million.

Radzuan is happy that I&P is among the top 10 property developers as ranked by *The Edge,* but he has also set ambitious targets for next year. He "hopes to move up a few notches from eighth position this year".

How does he plan to do it?

The great leap forward

The professor in him (Radzuan was with Universiti Putra Malaysia as a lecturer and associate professor from 1969. He left in 1980 as dean of the Faculty of Resource Economics and Agribusiness) is still there. This is mirrored in the lingo Radzuan uses to get the company to look at the future.

He has chosen the rocket and its engines as his theme: Engine 1 refers to I&P, engine 2 turnkey contractors, engine 3 joint-venture deals and engine 4 strategic land sales.

"At meetings, when I say 'do we have enough horsepower to undertake this project with engine 1 alone?' they know what I am talking about. It's the same when I say 'do we need to go for engine 2 or 3 or do we go straight for engine 4?' They understand. It is a lingo that everyone in the company understands, and it sort of hastens the pace," Radzuan explains.

More importantly, while this provides the motivation for the workforce to be excited about the projects looming ahead, the real task lies in striking the right balance when considering the "engine" options. The other challenge would be to increase the capacity of engine 1 as time goes by and this can only be done by setting targets on when the company can re-

linquish dependence on its other three options.

"Two years from now, we should be able to let go of engine 4, three years to drop off engine 3 and at least five years before we get rid of engine 2," he reveals.

The expanded landbank will also mean that the company, unlike its pre-rationalisation days, will be dealing with less and less freehold land. But Radzuan is the least worried about this reality.

"That will have nothing to do with the quality of homes we aspire to deliver. Anyway, the difference between freehold and leasehold land is more conceptual that anything else," he adds, waving the notion aside.

Project focus

I&P's 40 years of existence has been peppered with less than successful stories. Like the freehold Bayu Lakehomes project taking shape in Pajam, Negri Sembilan.

Planned as a country home development, the project was launched in 1996, just a year before the financial crisis hit the sector. To add to its misfortunes, the planned infrastructure link — the much-talked about Kaseh Highway — has yet to materialise.

But I&P is done with waiting for things to happen. Instead, the developer is working at a catalyst in the form of a learning institution to rev up interest in the township. But no details are immediately available. Some 1,011 units of bungalows and terraced houses of the 5,527 properties planned in the development have been built.

For now, all eyes are on what Radzuan calls I&P's crown jewels — 1,400 acres of freehold land in Shah Alam known as Harun Estate. Flanked by up-and-coming developments like Kota Kemuning and Bandar Botanic, this area is one of the Klang Valley's current development hotspots.

Hence, it comes as no surprise when Radzuan reveals that "many parties" have expressed interest in taking part in I&P's development plans there.

"We see Harun Estate as a raw diamond waiting to be cut and polished to rival, and maybe even surpass, the other crown jewels of the new enlarged I&P group, such as Bandar Kinrara, Damansara Heights and the Bukit Jalil land," he says.

For now, Bandar Kinrara features strongly in its plans, going forward, where the developer has built only 8,604 properties (comprising bungalows, semidees, terraced homes, apartments and limited shophouses) of the 17,986 planned in the popular township, which is expected to be fully developed in another 10 years. In October, the developer expects to put on the market 27 units of 2-storey detached homes pegged from RM1.3 million.

Meanwhile, on its 105 acres of freehold land in Bukit Jalil, I&P plans an exclusive residential project comprising luxury bungalows and semidees. This will entail the use of engine 3 to tie up with expertise that will help the developer deliver quality high-end homes.

I&P is definitely set for very busy years ahead. — *By Jennifer Gomez*

SUHAIMI YUSUF/THE EDGE

We will continue to be driven by our guiding principle, that is, to build on the trust of our buyers, employees, contractors, suppliers and relevant authorities. We will also continue to draw strength from our brand name. — Radzuan

Low-profile Boustead Properties shines

A sound reputation and strategic approach has been the recipe for the Boustead group's success on the local property scene.

As part of its rebranding initiative to project a single corporate identity, its property subsidiary SCB Developments Bhd underwent a name change to Boustead Properties Bhd. Together with the plantation division Boustead Plantations Bhd, Boustead Properties, the property arm, forms one of the main growth engines of Boustead Holdings Bhd.

Boustead Properties registered an unaudited group revenue of RM75.71 million for the second quarter ended June 30, 2004, 61% higher than the previous corresponding period's RM47.13 million. Unaudited group pre-tax profit for the quarter just ended came to RM27.85 million — 23% higher than the previous corresponding period's contribution of RM22.59 million.

For the year ended Dec 31 2003, Boustead Properties chalked up a group revenue of RM237.8 million or 5.6% higher than FY2002's RM225.2 million. Group pre-tax profit for FY2003 stood at RM119.8 million — 32.7% higher than FY2002's RM90.3 million.

When *City & Country* met Boustead Properties' executive director Datuk Ghazali Mohd Ali one morning, he was in high spirits. The company had made its maiden appearance on *The Edge*'s ranking of the country's top 10 property developers, coming in at ninth place.

As a developer, Boustead Properties is conservative and low profile, says Ghazali. "We do not market ourselves actively or have a tagline like most others. This is in line with our group's philosophy."

"We believe we are a developer that delivers what we promise by working within the law," he adds. "In terms of management, I think we have a quality workforce which is dedicated. Even the CEOs employ a direct approach and are willing to get their hands dirty. We also have our shareholders to thank for their support in the decision-making process. Without their consensus, things would be stifled."

It is common knowledge that Boustead Properties' fortunes have been boosted significantly by its ongoing 360-acre mixed development at Mutiara Damansara, a popular address in Petaling Jaya. Boustead Properties is developing the township through Mutiara Rini Sdn Bhd.

Boustead Properties' other jewel in the crown is Taman Mutiara Rini in Skudai, Johor. More than 3,000 units of houses, shophouses and apartments have been launched in this township, which also features a school, playing fields, petrol stations and a 60-acre "Urban Forest", among others.

Gem of a development

Ghazali is full of praise for Mutiara Damansara, and with good reason. It is a significant contributor to Boustead Properties' profits.

Of the 2,400 homes planned for the township, 1,899 have been launched so far. Forty per cent of the township's development (about 144 acres) is designated for commercial use and 60% of this area has either been sold or developed.

The attractive address has given the developer the edge in promoting its products, the latest being the Surian condominiums. Ghazali says that despite a crowded condo market, Boustead Properties managed to sell 60% of the 376 units in less than four months of the launch in early April this year.

The landed homes in Mutiara Damansara are so hot that they were sold by ballot while the land was tendered — to ensure that "they fetched their deserved price".

"We have developed around 50% of the land and are slowing down our launches. We believe in maximising long-term gains on the land by adopting a 'hold-and-sell' approach rather than making quick profits," says Ghazali.

This strategy needs no justification. Ghazali says the bungalows launched at RM1.1 million about 2 1/2 years ago are now worth RM2.2 million on the secondary market. The semidees sold at the bumiputera price of RM750,000 are now going for RM1.3 million or so, he adds.

Boustead Properties' fortunes have been boosted significantly by its ongoing 360-acre mixed development at Mutiara Damansara

Pricing strategy

The capital appreciation trend has prompted the developer to pace the sale of its corporate lots, each time pricing it higher. "Three years ago, we sold to Ikea at RM99 psf but today the land commands RM240 psf. We ask for an increase of RM25 to RM30 psf each time we sell a plot of land," Ghazali says. Some well-known names such as Proton Kedah, Petronas and Bentley School of Music have opened shop in the retail hub.

The corporate lots sold so far support The Curve, the developer's lifestyle mall, as well as other retail centres like Ikea, Ikano Power Centre and Tesco's flagship store in Malaysia. "Our plan is to attract the daytime population. The portfolio mix of tenants has removed the need for The Curve to have an anchor tenant," says Ghazali.

He adds: "We have had offers for the land for the development of serviced apartments but we said no. We have to be selective about who we sell to in the commercial area as this will affect the value of the land."

To improve accessibility, Boustead Properties has completed a RM17-million upgrade to Persiaran Surian. A further RM20 million was spent to build alternative connections to Lebuhraya Damansara-Puchong and the Penchala Link. "Despite the excellent network of roads serving the area, access must be made easy. It is no good if you can see but can't touch," Ghazali declares.

He is also upbeat on Taman Mutiara Rini. "We were the first to work with the Forest Research Institute of Malaysia [FRIM] on the project. We wanted to create something special by planting jungle trees in open spaces to give the township pleasant surroundings."

Of the 3,800 units of the township put on the market, 90% have been sold. "Overall, our unsold stock inventory is very small. I think this is because we stick to a standard design which we know works," says Ghazali.

Award-winning success

The RM280 million that Mutiara Damansara has generated in sales is one good reason to praise it. But Ghazali also takes pride in his company's mantelpiece.

The prized Mutiara Damansara township was awarded the Malaysian Institute of Planners 2003 Planning Excellence Award for the "Development below 500 acres" category.

Taman Mutiara Rini also won two awards — Best Planned Development Award 1998 and the Malaysian Institute of Planners Award 1999.

Explains Ghazali: "We first look for a catalyst in any potential project. Without this, you are just offering a run-of-the-mill development. Also, we like to give the market something extra.

"As the property sector is the most regulated in the country, we have been proactive in bringing about changes to the procedures involved. We are lucky to have worked closely with the authorities and to have shared their support."

Ghazali speaks proudly of the company's introduction of the house owners' manual. "When you buy a car, you get a manual. So we thought why not provide the same convenience for buyers of our houses. It provides that extra something. They can even refer to which shade of paint to use when they repaint their house. Of course other developers soon took notice and followed suit."

Strategy

When asked about the company's strategy, Ghazali says, "A bit of luck, knowing when to seize opportunities and capitalising on the uniqueness of every landbank. So far, I would say 99% of our projects have been a success because we have looked for landbanks that offer a catalyst — that extra something."

He stresses the importance of learning to anticipate the market and planning ahead, even for rainy days.

"We weathered the crisis period because of our sound relationship with the government. Also, we weren't as gung-ho as some developers, so we have little unsold stock," he says.

"We believe any slowdown in our sales is due to the bumiputera quota. At the time, we even sent our marketing people to mosques to encourage bumiputeras to buy. This was to ensure that the 50% bumiputera quota was taken up."

Ghazali says Boustead Properties is not an advocate of the "build-and-sell" concept because there is enough control in the industry. "Much of our success can be attributed to our judgement when selecting good consultants and contractors as well as observing the competitors' shortfalls," he says.

"One must also not bite off more than one can chew," he adds. "In Johor, we aim to sell 600 to 700 units a year but our target for KL is much lower since there is a higher margin of return here — by three to four times."

Besides property development, Boustead Properties also provides support for other companies in the group, deriving income from project management. The group's investment properties include the 28-storey Menara Boustead, 20-storey Menara Affin and 7-storey Wisma Boustead, all of which are located on Jalan Raja Chulan. These enjoy 95% occupancy, turning in recurrent income.

Future plans

As for future projects, Ghazali would only disclose a few details. "We have something in Kulai, which is at the first stage of approval, and we have identified strategic landbank in Kedah and Sarawak. Small pockets of land in the Klang Valley are being looked at for various types of development." He says the developer is in no hurry to proceed with development at these places, maintaining that timing is crucial.

And where does this player see itself 10 years down the road? Ghazali says it will continue to deliver its projects on time and has high hopes to develop on behalf of the government or a government-linked company.

It has no plans to venture abroad, but this is not cast in stone. After all, as Ghazali says, a good developer can operate in any place or country through thick and thin. — *By Vikki Choong* E

We first look for a catalyst in any potential project. Without this, you are just offering a run-of-the-mill development. Also, we like to give the market that something extra. — Ghazali

PICTURES BY KENNY YAP/THE EDGE

Sunrise brand stands out

Sunrise Bhd stands out not only as a developer that made it into the top 10 of *The Edge* Malaysia Top Property Developers Awards 2004, but, more significantly, has also been ranked the best company based on its qualitative attributes.

On a different front, Sunrise has been noticeably busy of late, putting more launches on the market and expanding its landbank. Irrespective of the pace, the company remains commited to offering quality products and customer service, says chief executive Datuk Michael Yam.

Indeed, such qualitative attributes have been associated with Sunrise's pricing. "For one, our products sell at a 20% premium over other similar offerings in Mont'Kiara. Rental rates too are significantly higher because of our strength in property management. Owners are enjoying yields in access of 10% on their Sunrise investments and this has a lot to do with our quality standards. Across the board, secondary values for some of our older projects are hitting RM500 psf," offers Yam.

He illustrates the company's emphasis on customer service with a recent example: On his way back from London for business, he stopped over in Prague to meet a Malaysian family who had purchased three units in Sunrise's Mont'Kiara Aman and Damai projects.

How does the company attain its consistency in quality?

"We have been using the same Irish contractor, Mivan, for the past 15 years, since our first condo project, Mont'Kiara Pines. They specialise in systems formwork construction. In a way, it has become a culture within the enlarged group of people involved to deliver the best quality for a Sunrise product," Yam reveals.

Sunrise has outlined plans to take full advantage of the economic cycle in the aftermath of the 1997 financial crisis, explaining its aggressive sourcing for new landbank. In the past two months, it has acquired about 40 acres (through purchase and joint ventures with land owners) in three locations in Mont'Kiara and the nearby Dutamas area, valued at between RM17 and RM135 psf. This means that Sunrise is set to remain in the area for another decade or so.

Some of these tracts offer potential for medium-term development while others will need to mature. The soonest to be unlocked is a 17-acre parcel, with a launch expected within the "next 12 to 18 months". While details are sketchy, it looks like condos will be built on these tracts. Yam says looking at the fast-changing trend that has evolved over the past four to five years, it would not be possible to plan too far ahead in terms of size and theme.

"Take Mont'Kiara Bayu. At the soft launch during the recession in March 2000, we offered a range of smaller units sized from 798 to 1,280 sq ft. Priced at an average of RM300 psf, these were all sold in five months. In the first quarter of 2001, we released the bigger units in Mont'Kiara Damai at an average of RM388 psf. These were all sold in nine months."

Yam is also upbeat about investing overseas — Sunrise is now present in the UK and Australia. "Our overseas investments contribute positively to our bottom line so we will actively pursue viable opportunities abroad. We also have the benefit of cross-border experience, where we can learn how things are done in other parts of the world," says Yam.

In Australia, Sunrise, through its subsidiary East Urban Properties Pty Ltd, has teamed up with housing developer Multiplex to jointly develop 128 residential units in five apartment blocks of up to five storeys. These would sit on a 3.85-acre freehold parcel in Carlingford, Sydney.

Through associate company Milequay Ltd, Sunrise is in another joint venture with Corovest International Ltd and Wharfside Regeneration Ltd to redevelop the existing Cranfield Hills property in Ipswich, London, into a new waterfront project by the Thames River.

For the year ended June 30, 2003, Sunrise recorded a group revenue of RM174.28 million and a group pre-tax profit of RM42.32 million. For the nine months ended March 31, 2004, the group achieved unaudited revenue of RM186.23 million, significantly up by about 57% from the previous corresponding period's RM118.86 million. Group pre-tax profit for the nine months ended March 31, 2004 showed RM37.58 million or a 27% rise from RM29.66 million before. Based on Sunrise's closing share price last Wednesday of RM1.66, its market capitalisation stands at about RM700 million, with RM421.69 million in paid-up capital.

PICTURES BY ABDUL GHANI ISMAIL/THE EDGE

The most recent launch in the Sunrise stable is the Kiara Designer Suites, which Yam calls 'a unique opportunity for purchasers to buy into an almost 'build then sell' plan'

Project focus

Sunrise is synonymous with Mont'Kiara. To date, the developer has completed seven Mont'Kiara condo projects comprising 2,300 homes besides Plaza Mont'Kiara, an office and retail complex. Sunrise has also launched 47 bungalow lots called The Residence.

To date, slightly more than half of these bungalow plots pegged at an average of RM240 psf have been sold. Situated over 12.4 acres, this project offers buyers the opportunity to live in a landed home in Mont'Kiara within a secured gated community.

A development in Mont'Kiara which Yam is especially proud of is Mont'Kiara Damai. With only 230 units built on a 8.3-acre freehold site, it is currently Sunrise's lowest-density project there. Launched in the first quarter of 2001, all the units were sold in nine months.

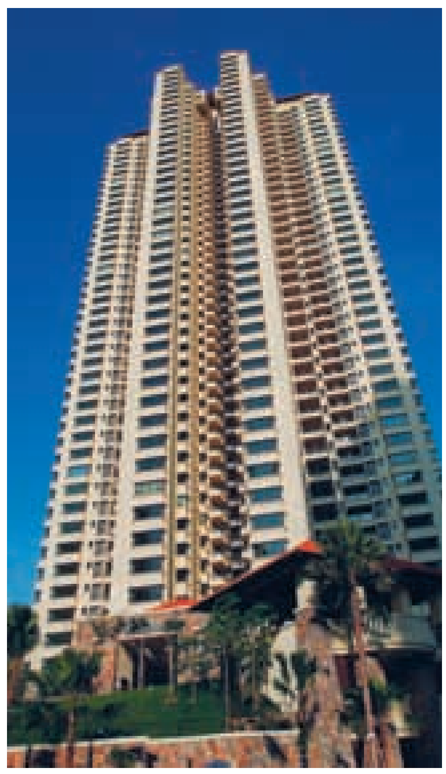
The most recent launch in the Sunrise stable is the Kiara Designer Suites. Visibly excited about this project, Yam calls it "a unique opportunity for purchasers to buy into an almost 'build then sell' plan".

This is how it works: A purchaser only needs to put a 20% down payment on the purchase price and take a loan for the necessary amount. The servicing of the mortgage only starts when the unit is completed. The developer will pick up the tab for the interest payment on the amount drawn down during the construction period.

Coming up on a three-acre tract, the joint venture with Landmarks Bhd offers 324 units in a 29-storey tower block. Pegged from RM350,000, more than 60% of the units sized from 1,088 to 1,428 sq ft have been sold since registration started six months ago. An official launch of the units was held on Aug 2.

But with the properties selling well, why the need to offer the additional incentive? According to Yam, this is a test bed for the market's response to such an incentive. To Sunrise, this is akin to offering buyers the benefit of buying a home with minimal risk on their part, and having to pay only when the project is completed.

Complementing Plaza Mont'Kiara on the commercial front is Mont'Kiara Solaris. Work has started on the shopoffice block coming up on a 13-acre freehold site, which will be built in two phases.



Yam dubs his obvious favourite, Mont'Kiara Damai as the trendsetter project among Sunrise condos in Mont'Kiara

Staying ahead

Given Sunrise's association with Mont'Kiara, does the developer have brand power elsewhere?

Sunrise's venture south with Seremban Forest Heights, a 480-acre project about 3km from the town's central business district, seems to be attracting buyers — although not initially.

"When we first marketed our homes in April 2001, we communicated to prospective buyers that we are a reputable developer and that we are backed by their former MP, our former chairman Tan Sri Lee San Choon. But they did not appear to be convinced as, understandably, they were not familiar with the Sunrise brand. But when construction reached the rooftop, buyers came," says Yam.

To date, Sunrise has built and handed over 115 units of 2-storey terraced houses in the project which Yam dubs the Damansara Heights of Seremban due to its location and terrain. Planned to comprise 3,000 housing and 500 commercial units, completion of the project is expected in another six years.

Sunrise's labour in Seremban Forest Heights has not only attracted buyers but the interest of other developers as well. Sunrise has teamed up with MCL Land Ltd, the listed property arm of Singapore-listed group Jardine Cycle and Carriage Ltd and a member of the Jardine Matheson Group of Companies, to jointly develop the project on a 50:50 basis.

MCL Land's acquisition of a 50% interest in Seremban Forest Heights in May was via the purchase of 50% of the issued and paid-up capital of Tropical Terrain, Sunrise's subsidiary which is developing Seremban Forest Heights.

"The fact that MCL Land chose Sunrise as a partner is also testimony to our reputation as a quality developer" Yam stresses.

Seremban is not a short-term play for Sunrise. The developer plans to look at other development activities in strategic locations there.

Ahead of the pack

Undoubtedly, the success enjoyed by Sunrise has enticed many developers into Mont'Kiara. How does Sunrise view the rising competition?

Yam replies: "Of course, some market share will be taken away from us but the amount is insignificant. Buyers who want to buy into this address know our reputation by now. As such, the reason they would go for the other developments around here could boil down to two factors: either they do not have the budget for a Sunrise unit or their purchase is for investment purposes and so they are not concerned with buying into products that have a stamped mark of high quality."

Yam offers yet another perspective to competition — given the scarcity of land there that can be developed at any given time, developers can only collectively put on the market, at most, 1,000 units in a year. As such, Yam reasons, there will always be demand.

The company is also moving towards joint ventures. Yam says Sunrise has secured three partnerships with landowners in Mont'Kiara and is in the process of finalising the fourth.

Going forward, Sunrise looks poised to join the big boys' league. As long as the company sticks to its high-quality products and customer service, it looks like the brand will never go out of style. — *By Jennifer Gomez*

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