THE EDGE THE WEEK OF JULY 24 | 2006

City & Country

WEEK 11 contest form PG 42

FIABCI PROPERTY CONTEST 2006

Week 9 winner

PG 42

left to right:
Tan Sri Liew Kee Sin SP Setia
Robert Tan IGB Corp
Datuk Jamaludin Osman Island & Peninsular
Datuk Wong Choon Kee Sunway City
Datuk Lee Yeow Chor IOI Properties
Jauhari Hamidi Sime UEP Properties
Datuk Michael Yam Sunrise
Tan Sri Mustapha Kamal Abu Bakar MK Land Holdings
Datuk Jagan Sabapathy Bandar Raya Developments
Datuk Yeoh Seok Kian YTL Land & Development

THE EDGE MALAYSIA

Top Property Developers 2006

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

TOP 10 (2006)

RANK	COMPANY	SIGNIFICANT PROJECTS
1	S P Setia Bhd	Setia Eco Park, Setia Alam, Setia Indah, Bukit Indah, Setia Tropika, Precinct 9 Putrajaya
2	IGB Corporation Bhd	Mid Valley City, Cendana, Seri Maya, Sierramas West
3	Island & Peninsular Bhd	Bandar Kinrara, Alam Damai, Alam Sutera, Kota Seriemas, Taman Setiawangsa
4	Sunway City Bhd	Bandar Sunway, Kiara Hills, Sunway Damansara, Sunway Cheras
5	IOI Properties Bhd	Bandar Puchong Jaya, Bandar Puteri Puchong, Bandar Putra Kulai*, Bandar Puteri Klang
6	Sime UEP Properties Bhd	Putra Heights, Ara Damansara, Bandar Bukit Raja
7	Sunrise Bhd	Solaris Dutamas, Mont'Kiara Meridin
8	MK Land Holdings Bhd	Damansara Perdana, Damansara Damai, Bukit Merah Laketown*, Bandar Lembah Beriah
9	Bandar Raya Dev Bhd	Troika, CapSquare, Permas Jaya*
10	YTL Land & Dev Bhd	Pantai Hillpark, Sentul East and West, Lake Edge, Lake Fields

Projects located outside the Klang Valley

TOP 30 (2006)

RANK	COMPANY	RANK	COMPANY
1	S P Setia Bhd	16	Dijaya Corporation Bhd
2	IGB Corporation Bhd	17	PJ Dev Holdings Bhd
3	Island & Peninsular Bhd	18	UDA Holdings Bhd
4	Sunway City Bhd	19	Malton Bhd
5	IOI Properties Bhd	20	RB Land Holdings Bhd
6	Sime UEP Properties Bhd	21	SHL Consolidated Bhd
7	Sunrise Bhd	22	Selangor Properties Bhd
8	MK Land Holdings Bhd	23	Bolton Bhd
9	Bandar Raya Dev Bhd	24	Naim Cendera Holdings Bhd
10	YTL Land & Dev Bhd	25	Country Heights Holdings Bhd
11	Glomac Bhd	26	Plenitude Bhd
12	E&O Property Dev Bhd	27	Metro Kajang Holdings Bhd
13	Paramount Corporation Bhd	28	Petaling Garden Bhd
14	Mah Sing Group Bhd	29	Negara Properties Bhd
15	Boustead Properties Bhd	30	Talam Corporation Bhd

THE EDGE MALAYSIA
Top Property Developers Awards 2006

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other stories

Qualitative attributes (2006)

RANKING	COMPANY
1.	Sunrise Bhd
2.	S P Setia Bhd
3.	IGB Corp Bhd
4.	Sunway City Bhd
5.	IOI Properties Bhd
6.	Glomac Bhd
7.	YTL Land & Development Bhd
8.	Sime UEP Properties Bhd
9.	Bandar Raya Developments Bhd
10.	E&O Property Development Bhd
11.	Island & Peninsular Bhd
12.	Mah Sing Group Bhd
13.	MK Land Holdings Bhd
14.	Paramount Corp Bhd
15.	Boustead Properties Bhd
16.	Bolton Bhd
17.	Malton Bhd
18.	PJ Development Holdings Bhd
19.	Negara Properties Bhd
20.	Dijaya Corp Bhd
21.	Country Heights Holdings Bhd
22.	SHL Consolidated Bhd
23.	Hunza Properties Bhd
24.	RB Land Holdings Bhd
25.	Mulpha Land Bhd
26.	Metro Kajang Holdings Bhd
27.	Plenitude Bhd
28.	Equine Capital Bhd
29.	Asia Pacific Land Bhd
30.	Selangor Properties Bhd

Quantitative attributes (2006)

RANKING	COMPANY
1.	Island & Peninsular Bhd
2.	S P Setia Bhd
3.	IGB Corp Bhd
4.	IOI Properties Bhd
5.	Sunway City Bhd
6.	Sime UEP Properties Bhd
7.	Talam Corp Bhd
8.	MK Land Holdings Bhd
9.	UDA Holdings Bhd
10.	Naim Cendera Holdings Bhd
11.	Boustead Properties Bhd
12.	Selangor Properties Bhd
13.	Sunrise Bhd
14.	Bandar Raya Developments Bhd
15.	Krisassets Holdings Bhd
16.	WCT Land Bhd
17.	Dijaya Corp Bhd
18.	Paramount Corp Bhd
19.	E&O Property Development Bhd
20.	Petaling Garden Bhd
21.	Worldwide Holdings Bhd
22.	PJ Development Holdings Bhd
23.	LBS Bina Group Bhd
24.	RB Land Holdings Bhd
25.	Plenitude Bhd
26.	YTL Land & Development Bhd
27.	Mah Sing Group Bhd
28.	KSL Holdings Bhd
29.	Glomac Bhd
30.	Matrix International Bhd

Top 30 (2005)

RANKING	COMPANY
1	SP Setia Bhd
2	IOI Properties Bhd
3	IGB Corp Bhd
4	Sunway City Bhd
5	MK Land Holdings Bhd
6	Sime UEP Properties Bhd
7	Bandar Raya Developments Bhd
8	Boustead Properties Bhd
9	Island & Peninsular Bhd
10	Sunrise Bhd
11	Glomac Bhd
12	UDA Holdings Bhd
13	E&O Property Development Bhd
14	Naim Cendera Holdings Bhd
15	Petaling Garden Bhd
16	YTL Land & Development Bhd
17	Talam Corp Bhd
18	Dijaya Corp Bhd
19	Paramount Corp Bhd
20	Selangor Properties Bhd
21	Country Heights Holdings Bhd
22	Plenitude Bhd
23	Daiman Development Bhd
24	PJ Development Holdings Bhd
25	Mah Sing Group Bhd
26	SHL Consolidated Bhd
27	GuocoLand (M) Bhd
28	Pelangi Bhd
29	WCT Land Bhd
30	LBS Bina Group Bhd

Qualitative attributes (2005)

RANKING	COMPANY
1	Sunrise Bhd
2	SP Setia Berhad
3	IGB Corp Bhd
4	Bandar Raya Developments Bhd
5	IOI Properties Bhd
6	Sime UEP Properties Bhd
	YTL Land & Development Bhd
8	Sunway City Bhd
9	KLCC Property Holdings Bhd
10	Boustead Properties Bhd
11	MK Land Holdings Bhd
12	Glomac Bhd
13	Paramount Corp Bhd
14	Island & Peninsular Bhd
15	E&O Property Development Bhd
16	Mah Sing Group Bhd
17	Dijaya Corp Bhd
18	SHL Consolidated Bhd
19	Country Heights Holdings Bhd
20	Equine Capital Bhd
21	Guocoland (M) Bhd
22	Daiman Development Bhd
23	Petaling Garden Bhd
24	Selangor Dredging Bhd
25	Naim Cendera Holdings Bhd
26	Pelangi Bhd
27	Plenitude Bhd
28	Eastern & Oriental Bhd
29	EUPE Corp Bhd
30	PJ Development Holdings Bhd

Quantitative attributes (2005)

RANKING	COMPANY
1	IOI Properties Bhd
2	SP Setia Bhd
3	IGB Corp Bhd
4	Sunway City Bhd
5	MK Land Holdings Bhd
6	Sime UEP Properties Bhd
7	Talam Corp Bhd
8	UDA Holdings Bhd
9	Island & Peninsular Bhd
10	Boustead Properties Bhd
11	Bandar Raya Developments Bhd
12	Naim Cendera Holdings Bhd
13	Petaling Garden Bhd
14	Selangor Properties Bhd
15	E&O Property Development Bhd
16	WCT Land Bhd
17	Dijaya Corp Bhd
18	Worldwide Holdings Bhd
19	Glomac Bhd
20	LBS Bina Group Bhd
21	PJ Development Holdings Bhd
22	Plenitude Bhd
23	Country Heights Holdings Bhd
24	Metro Kajang Holdings Bhd
25	KSL Holdings Bhd
26	Sunrise Bhd
27	Daiman Development Bhd
28	Pelangi Bhd
29	Guocoland (M) Bhd
30	PK Resources Bhd

Top 30 (2004)

RANKING	COMPANY
1	IGB Corp Bhd
2	SP Setia Berhad
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

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

2003

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
	Pelangi 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

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THE EDGE MALAYSIA Top Property Developers Awards 2006

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S P Setia top property developer again

BY AU FOONG YEE

Klang Valley-based S P Setia Bhd, *The Edge* top property developer last year, has retained the premier position this year. The achievement has come on the back of a highly competitive but active market environment that has Malaysia's key property players turning in sterling financial results.

It is noteworthy that these outstanding property players have not forsaken quality — the buzzword these days — in their race to the top. Rising above the competition, they successfully raised the bar in both their financial performance as well as all-round quality, sometimes to the extent of incurring the wrath of competitors.

There is little doubt that S P Setia has proved itself an aggressive developer to be reckoned with, progressing from a solely township developer to a niche player as well, one that caters for the discerning needs of the well heeled. Expect to hear more from this award-winning developer which, upon making its mark in Johor and then the robust Klang Valley, is moving on to make its presence felt in Penang.

IGB Corp Bhd, whose property development unit Tan & Tan Developments Bhd which is synonymous with quality high-end projects, is in second position, moving up a notch from third placing last year. Besides continuing to leverage on its strong reputation in the middle to high-end property development segment, it is clear the group is focused on building its investment property portfolio.

In third place is Island & Peninsular Bhd (I&P). Moving up from ninth position last year, I&P's performance has been significantly boosted by huge shareholder funds, coupled with a bumper group pre-tax profit consequent to a rationalisation exercise with Golden Hope Plantations Bhd. The exercise, which transformed I&P into the country's largest developer in terms of landbank, handed I&P a huge extraordinary gain from the disposal of its plantation unit Austral Enterprises Bhd.

Sunway City Bhd and IOI Properties Bhd are in fourth and fifth placing respectively. Sixth is Sime UEP Properties Bhd followed by Sunrise Bhd, MK Land Holdings Bhd and Bandar Raya Developments Bhd. This year, a new name has made it to the top 10 developers' list. YTL Land & Development Bhd — at No 16 last year — moves up to 10th position.

Sunrise, No 10 in 2004 and 2005 after tying for ninth position with Pelangi Bhd in 2003, marches up to seventh place. Its improvement is due to its ability to maintain qualitative attributes despite adopting an aggressive pace of development, which shored up its group pre-tax profit to RM150.22 million from RM52.5 million in 2004. This was on the back of a stronger turnover of RM367.7 million against 2004's RM259 million.

At overall 11th position is Glomac Bhd, which is a smaller player than the likes of S P Setia and IGB Corp quantitatively. It is, however, noteworthy that Glomac's qualitative ranking has improved significantly, from 12th position last year to No 6 this year.

The list of top 30 developers saw five new names — Malton Bhd, RB Land Holdings Bhd, Bolton Bhd, Metro Kajang Holdings Bhd and Negara Properties Bhd. Of these, Malton, Metro Kajang and Negara Properties are no newcomers to the top 30 developers' list — they were there in 2004 (see charts on Page 2) but they dipped below 30 last year before staging a comeback this year.

Fourth year of ranking

The Edge Top Property Developers Awards 2006 is the fourth in a series that was introduced in 2003. The ranking, which benchmarks Malaysia's best players from the consumer's perspective, accords equal weightage to their quantitative and qualitative attributes. (This year's award is based on the 2005 financial year results.)

This rationale is on the premise that an outstanding developer needs to be strong in size, profitability and financial health while at the same time, showcase exemplary quality in areas such as product finish, innovation and creativity, image, value creation for home buyers, management style and expertise. In short, developers who achieve super-duper sales but who are not viewed as giving due consideration to quality would not rank high in this exercise (see methodology on Page 5).

Data for the quantitative attributes are based on published sources extracted and compiled by Interactive Data Systems Sdn Bhd, while the judging of the qualitative attributes is carried out by a seven-member panel comprising "gurus" in the industry, whose expertise is acknowledged locally as well as globally. The judges are Datuk Alan Tong Kok Mau, Tan Sri Mustapha Kamal Abu Bakar, Datuk Teo Chiang Kok, Datuk Jeffrey Ng, Datuk Eddy Chen, Kumar Tharmalingam and Au Foong Yee. Mustapha Kamal and Chen joined the panel this year.

Tong is chairman of Fiabci (International Real Estate Federation) Asia-Pacific regional secretariat and immediate past Fiabci world president. Mustapha Kamal is Fiabci Malaysia deputy president while Teo is Fiabci Malaysia president. Both Ng and Chen are past presidents of the Real Estate Housing and Developers' Association (Rehda) Malaysia, while Kumar is Fiabci Asia-Pacific secretary-general. Au is group executive editor of property & retailing of *The Edge* and *theSun*. She edits the property pullouts *City & Country* (in *The Edge*) and *Propertyplus* (in *theSun*) as well as *haven*, a bimonthly interior design and garden magazine published by *The Edge* (see profile of judges on Page 5).

Four of the judges abstained in the deliberation and judging of companies in which they have direct or indirect interest. They are Mustapha Kamal for MK Land Holdings (he is the group executive chairman); Ng for Asia Pacific Land (former group managing director — he was with the company at the material time); Chen for Metro Kajang (he is the managing director) and Au for Sunrise Bhd (Sunrise and Nexnews Bhd have a common major shareholder. Nexnews publishes *The Edge* and *theSun*).

Quantitative attributes

I&P is top quantitatively, aided largely by its rationalisation scheme, which ended in the 2005 financial year. Its group pre-tax profit shot up to RM676 million from RM165.7 million in 2004 while its shareholders' fund nearly tripled to RM3.354 billion (2004: RM1.127 billion).

Top property developer S P Setia stayed in second place in this sub-ranking, supported by its high revenue of RM1.26 billion. It is no secret that the group is increasingly making its presence felt, expanding its turnover from RM555 million in 2001 to RM1.025 billion in 2004 before raking in RM1.26 billion last year.

IGB Corp is outstanding as well. Besides commanding a strong cash position, the group boasts a huge shareholders' fund that totals RM2.38 billion.

Sunway City too chalked up impressive growth, with its group revenue breaching the billion-ringgit mark. This translated into significant improvement in the group's pre-tax profit, which rose to RM284 million from RM169 million in 2004.

IOI Properties' group revenue dipped slightly from 2004 but its pre-tax profit stayed at RM326 million, similar to 2004's. It is interesting to note that the group is differentiating itself from the traditional residential developer to one with a varied portfolio. Among others, it owns and operates two malls, several business

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The panel of judges (from left: Au Foong Yee, Datuk Teo Chiang Kok, Datuk Eddy Chen, Datuk Alan Tong Kok Mau, Tan Sri Mustapha Kamal Abu Bakar, Datuk Jeffrey Ng and Kumar Tharmalingam

Tough year for property stocks

BY FINTAN NG

Another year, another slew of results amongst property stocks listed on Bursa Malaysia.

How have winners in *The Edge* Top Property Developers Awards 2006 — a ranking based on both quantitative and qualitative attributes — fared?

Of the 30 best developers listed in *The Edge* Top Property Developers Awards 2006, only eight showed a positive difference in their share price in the 18-month period from Jan 1 2005 to June this year, according to data provided by Interactive Data Systems Sdn Bhd. Of the eight, only two — IGB Corporation Bhd and IOI Properties Bhd — are among the top 10 developers.

However, it must be noted that during the review period, top developer SP Setia Bhd, IGB Corporation and Island & Peninsular Bhd had undergone corporate exercises that would have impacted on their share prices, one way or another. (see chart)

Generally, the past 18 months witnessed a volatile stock market, with sentiments weighed down mainly by external factors such as rising fuel prices and US interest rates. Property stocks took a battering as worries grew over their earnings outlook in an increasingly difficult operating environment.

On the local front, a cautious property market was compounded by a more challenging economic environment brought about by higher interest rates and inflation due to higher fuel prices and electricity tariffs.

From the survey, it appears that even the best of property players are not necessarily spared the vagaries of the stock market. While key property players may continue to enjoy brisk sales, have landbanks in prime locations, boast of innovative designs and are known to pay attention to quality and service, not all their share prices have done well.

Of the 30 best companies identified, UDA Holdings Bhd chalked up the highest positive price change of RM1.36 to RM2.81. This was against a backdrop of the impending corporate exercise where it would be taken private by Khazanah Nasional Bhd via a selective capital repayment to the other shareholders, as announced late last month. The other property stocks that saw significant gains in share prices are Mah Sing Group, E&O Property Development, Selangor Properties, Petaling Garden and Plenitude.

The share price climb had, interestingly, gone against the performance of the Bursa Malaysia Property Index which fell 130.87 points or 18.37% to 581.42 points during the 18 months.

Overall, the benchmark 100-stock Kuala Lumpur Composite Index (KLCI) did slightly better during the period under review, gaining 10.85 points or 1.2% to reach 914.69 points. This was after losing much ground in the last two months, due mainly to local investor caution and performance of US capital markets.

Top developers the likes of S P Setia and I&P, despite chalking up good sales from their respective developments, were not spared. SP Setia's price gave up 26 sen to drop to RM3.78 and I&P dropped 14 sen to RM1.32 during the 18 months. SP Setia had undergone a capital reduction and capital repayment in the third quarter last year while I&P, the largest developer by landbank, had just emerged from a capital repayment exercise in the second quarter of last year.

Even positive reports by stock analysts that recommended a "buy" or "outperform" on the stocks did not help much. Take Sunrise Bhd, for instance. Of the recommendations from six analysts from May 2005 to June this year, four recommended "buy" and two, "outperform". Still, Sunrise's share price declined 15 sen to RM1.54, never mind that it recorded good sales from its launches last year.

Another example is S P Setia, which stock five of seven analysts recommended a "buy" or "outperform" this year; the share price declined.

IGB was given "buy" recommendations by five analysts from August last year to May this year, whereas the picture is mixed for IOI Properties, the largest property developer by market capitalisation, which received various recommendations of "outperform", "hold", "buy", "neutral" and "market perform" from February to June this year.

MK Land Holdings, whose high-rise residential properties and lifestyle offerings in its townships of Damansara Perdana in Petaling Jaya and Bukit Merah Laketown in Perak have cultivated a following but its share price declined RM1.11 to 67 sen during the 18 months.

Meanwhile Mah Sing Group, whose share price advanced 60 sen to RM2.11, had six analysts recommending "buy" and one recommending an "outperform" from February to May this year.

E&O Property Development, another top 30 developer, saw its share price advance, although only by eight sen, to 67 sen. From April 2005 to April this year, three foreign research houses gave it different recommendations — "overweight", "buy" and "hold".

While return on investment is a clear objective of share investors, the potential of the stock and its dividend yield are equally compelling reasons for investment. *The Edge* Top Property Developers must not only boast strong financials but equally compelling qualitative attributes from the consumer's perspective. E

INTERACTIVE DATA SYSTEMS

How the Top 30 developers fared

Bursa Malaysia (Jan 1, 2005 to June 30, 2006)

DESCRIPTION	JAN 1, 2005	JUNE 30, 2006	DIFFERENCE	DIFFERENCE (%)
Kuala Lumpur Composite Index	903.84	914.69	10.85	1.2
Bursa Malaysia Property Index	712.29	581.42	-130.87	-18.37

NO	DESCRIPTION	JAN 1, 2005 (RM)	JUNE 30, 2006 (RM)	DIFFERENCE (RM)	DIFFERENCE (%)
1	UDA Holdings Bhd	1.45	2.81	1.36	93.79
2	Mah Sing Group Bhd	1.51	2.11	0.60	39.74
3	IGB Corp Bhd*	1.12	1.36	0.24	21.86
4	E&O Property Devt Bhd	0.59	0.67	0.08	12.71
5	Selangor Properties Bhd	2.20	2.38	0.18	8.18
6	IOI Properties Bhd	7.50	8.05	0.55	7.33
7	Petaling Garden Bhd	1.54	1.62	0.08	5.19
8	Plenitude Bhd	1.35	1.40	0.05	3.70
9	Naim Cendera Holdings Bhd	3.20	3.04	-0.16	-5.00
10	S P Setia Bhd**	4.04	3.78	-0.26	-6.48
11	Paramount Corp Bhd	2.25	2.08	-0.17	-7.56
12	Sunrise Bhd	1.69	1.54	-0.15	-8.88
13	Island & Peninsular Bhd***	1.46	1.32	-0.14	-9.47
14	Sunway City Bhd	1.69	1.53	-0.16	-9.47
15	Sime UEP Properties Bhd	4.20	3.70	-0.50	-11.90
16	PJ Development Holdings Bhd	0.51	0.40	-0.11	-21.57
17	Dijaya Corp Holdings Bhd	1.00	0.78	-0.22	-22.00
18	Bolton Bhd	0.95	0.73	-0.22	-23.16
19	YTL Land & Dev. Bhd	1.05	0.78	-0.27	-25.71
20	Boustead Properties Bhd	3.70	2.66	-1.04	-28.11
21	SHL Consolidated Bhd	1.70	1.18	-0.52	-30.59
22	Negara Properties (M) Bhd	3.60	2.38	-1.22	-33.89
23	Bandar Raya Dev Bhd	1.91	1.26	-0.65	-34.03
24	Country Heights Bhd	1.19	0.72	-0.47	-39.50
25	Metro Kajang Holdings Bhd	1.40	0.84	-0.56	-40.00
26	Glomac Bhd	2.03	1.17	-0.86	-42.36
27	RB Land Holdings Bhd	1.05	0.53	-0.52	-49.52
28	Malton Bhd	0.72	0.31	-0.41	-56.64
29	MK Land Holdings Bhd	1.78	0.67	-1.11	-62.36
30	Talam Corp Bhd	1.16	0.19	-0.98	-84.05

Note
** 23/03/05 capital distribution in specie 5.33 Kris: 100 IGB*
*** 19/09/05 capital reduction & capital repayment of RM0.25*
**** 29/04/05 capital repayment 102 Golden Hope Plantation Bhd: 100 I&P*

Sunrise keeps edge in quality

FROM PREVIOUS PAGE

parks, hotels, buildings and a golf course.

Qualitative attributes

Sunrise, once again, is top in the qualitative attributes ranking. This signals the fact that the developer, synonymous with the development in Kuala Lumpur's exclusive Mont'Kiara address, has kept its eye on quality while stepping up its development pace. Sunrise has, since *The Edge* Top Property Developers Awards was introduced in 2003, remained No 1 in the qualitative attributes ranking.

The group may be building more and more homes, but it is heartening to note that S P Setia has not lost sight of the need to be a quality developer, coming in second in the qualitative attributes ranking. It is the same with IGB Corp, which has managed to retain its third position.

Sunway City's qualitative ranking has moved to fourth position from eighth in 2005. IOI Properties and YTL Land & Development stayed in fifth and seventh place respectively while Glomac moved to No 6 from 12 last year.

Those not ranked

The Edge Top Property Developers Awards 2006 covers five quantitative and five qualitative attributes. The quantitative attributes are shareholders' fund; 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.

All companies in the property sector of the Main and Second Boards of Bursa Malaysia are ranked, even if a significant portion of their earnings were to be derived from non-property development-related businesses.

Private-owned property development companies, both big and small, have not been included in the ranking. This is because their financial data is not open to scrutiny.

Consumer perspective

The Edge Top Property Developers Awards has been designed to serve the needs of the property-buying public. The qualitative attributes of a company are subject to market perception, thus, the input of the knowledge and expertise of the panel of judges who are the experts in the industry. It is up to a developer to convince the market of its qualitative attributes.

By the same token, *The Edge* Top Property Developers Awards is not a measure of how investable a property stock is (see story above). Clearly, the needs and wants of a property-stock investor differ from that of a real-estate investor.

In short, a property developer ranked top from the consumer's perspective need not necessarily be the darling of fund managers. Or the reverse. E

PATRICK GOH/THE EDGE

The Edge team behind the awards (seated from left): Lim Ming Haw, Au Foong Yee (group executive editor of property and retailing, *The Edge* and *theSun*), P Gunasegaram (group executive editor, *The Edge* and adviser for *The Edge* Top Property Developers Awards 2006) and Jennifer Gomez. Standing from left: Loo Pik Kwan, Allison Lee, Diana Chin and Fintan Ng

THE METHODOLOGY

How the companies are ranked

Research for ***The Edge*** Malaysia Top Property Developers Awards 2005 was carried out between May and July 2006 on all the companies listed in the property sector of the Main and Second Boards of Bursa Malaysia. Privately owned companies and property development subsidiaries of companies not listed in the Property Sector of Bursa Malaysia have been excluded from the exercise.The ranking, based on the companies' quantitative and qualitative attributes, is from the consumer's perspective. All financial data considered is for the 2005 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 is 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 seven-member panel of judges amid deliberation on the candidates.

Four of the judges abstained in the deliberation and judging of companies in which they have direct or indirect interest. They are Mustapha Kamal for MK Land Holdings (he is the group executive chairman); Ng for Asia Pacific Land (former group managing director — he was with the company at the material time); Chen for Metro Kajang (he is the managing director) and Au for Sunrise Bhd (Sunrise and Nexnews Bhd have a common major shareholder. Nexnews publishes *The Edge* and *theSun*).

Note: 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 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 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*

PROFILE OF JUDGES

1. DATUK ALAN TONG KOK MAU

Chairman, Fiabci (International Real Estate Federation) Asia Pacific
Past world president, Fiabci International
Past president, Fiabci Malaysia
Past deputy president, Housing Developers' Association

The group chairman of Bukit Kiara Properties Sdn Bhd recently completed his term as Fiabci world president (2005-2006). He is the first Malaysian to hold the post. It was also during his term that Fiabci's Kuala Lumpur-based Asia Pacific regional secretariat was established.

Tong has dedicated more than three decades to real estate development. In 1964, he started his own architectural firm and four years later founded Sunrise Sdn Bhd, which went on to become a top property developer. He has also served as State Assemblyman for Bandar Klang and was a State Executive Councillor for Selangor.

Tong built up Sunrise till the company was listed on the Main Board of the Kuala Lumpur Stock Exchange in 1996. He sold his entire stake in Sunrise in early 1997, just months before the economic recession.

2. TAN SRI MUSTAPHA KAMAL ABU BAKAR

Deputy president, Fiabci Malaysia

A former senior civil servant, the executive chairman of MK Land Holdings Bhd has vast experience in the property industry. He ventured into the industry on his own in 1983 and soon after started the Emkay Group. MK Land has several major developments, including Damansara Perdana, Damansara Damai, Bukit Merah Laketown, Langkawi Lagoon, Taman Bercham Raya, Ukay Raya and Cyberia.

The group has a large landbank of 6,800 acres ready for development within the next 15 years, with a gross development value (GDV) of RM20.3 billion. Up till last December, the group had sold 41,589 homes, with a GDV of RM4 billion, and has handed over 34,240 units.

Mustapha was named the Fiabci Property Man of the Year in 1997.

3. DATUK TEO CHIANG KOK

President, Fiabci Malaysia
Past president, Rehda (Real Estate and Housing Developers' Association) Malaysia

Teo is a council member of the Associated Chinese Chambers of Commerce and Industry of Malaysia and has some 30 years' experience in property development. He has undertaken numerous projects, including high-rise commercial, office, retail, industrial and residential housing schemes.

Teo's name is synonymous with the development of the popular township of Bandar Utama and the 1 Utama shopping centre in Petaling Jaya. He holds directorships within the See Hoy Chan Holdings Group, which is involved in property development and investment, plantations, financial services, electricity distribution and education. He has an honours degree in Electrical Engineering from King's College, University of London, and a MSc from Warwick University, England.

4. DATUK JEFFREY NG

Past president, Rehda Malaysia
Vice-president, Fiabci Malaysia
Former secretary-general, Fiabci Malaysia

Ng has business interests in property development and wine distribution and has extensive experience in finance, corporate planning and executive management in the property and hotel industries. He is the former managing director of Asia Pacific Land Bhd.

A chartered accountant, he has served as vice-chairman of the Malaysia Australia Business Council and board member of the Construction Industry Development Board.

5. DATUK EDDY CHEN

Past president, Rehda Malaysia

The managing director of Metro Kajang Group has been in property development and construction-related businesses for more than 23 years. He is a member of the Advisory Board of the Construction Labour Exchange Berhad and chairman of the Building Industry Presidents' Council. Chen has also served as president of the Asean Association for Planning and Housing and was a member of the National Economic Consultative Council, which deliberated the third National Development Plan for Malaysia.

Chen has also been involved in Metro Kajang Group's activities, including construction and marketing of more than 20,000 units of houses, commercial and industrial buildings.

6. KUMAR THARMALINGAM

Secretary-general, Fiabci Asia Pacific
Board member, Fiabci International
Past president, Fiabci Malaysia

Kumar is a graduate of the College of Estate Management, London School of Economics, and is a Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Institution of Surveyors Malaysia (ISM). He is registered as a real estate valuer and property consultant with the Board of Valuers in Malaysia.

Subsequent to his establishment of the First Malaysian Property Trust, he has tracked the rest estate investment trust (REIT) industry worldwide.

7. AU FOONG YEE

Au is the group executive editor of property and retailing of *The Edge* and *theSun*. She is also the editor of *City & Country* at *The Edge*; *Propertyplus* at *theSun*; and *haven*, a bi-monthly interior design and garden magazine published by *The Edge*.

MOHD IZWAN MOHD NAZAM/THE EDGE

S P Setia: Perfecting a balancing act

Liew seeks to make S P Setia the first choice of housebuyers

BY LIM MING HAW

For someone helming a group that is seen as setting the pace with innovative products, aggressive branding and a well-earned reputation for quality control, the very private Tan Sri Liew Kee Sin is known to keep a good balance of life's priorities.

The group managing director and chief executive officer of S P Setia Bhd, Liew makes it a point to take regular holidays with his family. At work, he focuses on things that matter, while the needs of the less fortunate are never far from his mind.

With daily operations basically run by his lieutenants, Liew pops into the company's headquarters in Bandar Pusat Puchong for strategic meetings and to "sign cheques". Very much a hands-on CEO, he regularly visits the group's project sites, mainly in the Klang Valley and Johor, and soon, in Penang.

If any developer has been making huge steps in ensuring good quality in its products, S P Setia would be among the leading pack. The former banker goes on to set out a series of very positive company results, such as the 50% jump in net profit for the second quarter (2Q) up to April 30 this year. The net profit figure had jumped to RM59.09 million from RM40.8 million, while revenue rose nearly a significant 35% to RM298.29 million from RM221.44 million.

Strong sales

Liew is also quick to say that in the seven months to May 31, 2006, S P Setia had chalked up RM577 million in sales, an impressive performance indeed under the current market conditions. The strong performance, in a market where the term "softer conditions" has been repeated so often recently, can be attributed to a variety of factors. These include aggressive spending on marketing and promotion of both its products and brand name, careful choice of products and locations, and an emphasis on quality and other controls on costs and expenditure.

Turning negative events into learning experiences and emerging stronger is a well-learnt lesson for the Puchong-based group. "When we solve one problem today, another problem comes up tomorrow. So when times are bad, don't panic, keep calm and find a solution. And when successful, it is a group effort, not a personal achievement… this has been our philosophy since we started."

> When successful, whether in business or private life, always be humble and don't blow your own trumpet too much — Liew

On the tougher environment which developers are operating in, he says 2007 will present two challenges — a rise in interest rates and raw material costs. "The latter will be a result of higher petrol prices. So, there will be fewer buyers and developers will have lower margins."

Liew spells out the strategies the company will adopt. "With higher interest rates, this will keep speculators out of the market and leave genuine and serious buyers. So, we need to make sure our designs and concepts will appeal to buyers, such as upgraders. We must be the No 1 choice for buyers, thus our emphasis on first-class locations and good customer service."

To offset rising materials costs, the company is looking to reduce costs in all areas, maximise margins and save on overheads.

Quality guarantee

One strategy that seems to have borne immediate results was the May launch of the "18 + 18" home warranty period. In one swoop, S P Setia managed to garner a lot of positive feedback, with sales that same month way ahead of sales from the previous two months.

"With property development and the dependence on labour, there are bound to be defects and poor workmanship. But we guarantee buyers that we will repair all defects for 36 months. The 18 + 18 home warranty programme was something we worked on for 15 months before it was launched."

There are, Liew explains, two aspects to S P Setia's quality control process. The first is external and involves implementing the CONQUAS system that was developed in Singapore and measures workmanship quality in completed projects. The other is an internal quality control system which reports directly to Liew.

But blips happen, like last year's collapse of a section under construction in the company's RM150 million Setia Alam link off the New Klang Valley Expressway. "When problems

S P Setia Bhd

FINANCIAL YEAR-END OCT 31 (RM MIL)

ITEM/ YEAR	2005	2004	2003	2002	2001
Revenue	1,262.4	1,025.1	821.7	647.6	555.2
Pre-tax profit	289.8	234.6	179.1	148.2	125.0
Paid-up capital	490.7	568.0	559.4	431.0	334.8
Shareholders' funds	1,574.3	1,392.2	1,267.5	924.9	748.2
Profit attributable to shareholders	203.4	161.2	126.0	103.6	91.4
Dividend payout ratio (%)	58	55	43	28	30

ONGOING LAUNCHES

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM MIL)	LAUNCH DATE	TAKE-UP (%)
Setia Eco Park	SD & B	3,000	3,200	June 2004	91
Setia Alam	T	25,000	5,000	April 2004	93
Bukit Indah Johor	T	16,000	3,300	May 1997	92
Setia Indah Johor	T	7,700	1,600	Jan 2001	92
Setia Tropika	T	7,800	2,000	Sept 2005	57

IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM MIL)	EXPECTED LAUNCH
Setia Pearl Island, Penang	TH & SD	1,200	800	Oct 2006
Setiahills Ampang, Ampang	B	45	100	Oct 2006

SD – Semi-detached B – Bungalow TH – Terraced Houses T – Township GDV – Gross Development Value

Q&A

How would you sum up the past year — the challenges faced; lessons learnt and achievements of the company?
We had another good run last year and received a number of industry awards that served to push ourselves to raise the bar of excellence and maintain industry leadership.

The softening economy and further downside risk from rising interest rates, fuel and energy price hikes and languishing stock market are challenges. We need to look for new growth drivers and deliver consistent earnings growth. Another challenge is to differentiate our brand to be a class above the rest.

We must remain focused on our customers and continue to instill the drive to excel in our staff. Negative events can be turned into learning experiences. We learnt a lot from the setback caused by the collapse of the box girders during the construction of the Setia Alam Interchange a year ago. Our transparent and responsive actions helped generate goodwill and restored confidence.

We chalked up record revenue of RM1.3 billion and a net profit of RM203 million in the last financial year in spite of the generally soft market.

Your take on the prospects of the property market for the second half of 2006 and 2007.
Although consumer sentiment is quite weak, the property market will remain resilient. The underlying core demand for housing is still very strong largely due to Malaysia's positive demographics. The average age of the population in 2005 was only 23.3 years and is expected to inch up only marginally to 24.2 years in 2010. In addition, 63% of the population is aged between 15 and 64 years, within which lies the active house-buying age. We are confident that landed properties, especially those which are well located and well conceptualised, will still do well. The demand is especially strong for the upgraders market, which form the bulk of our current sales.

Whilst interest rates are on an uptrend, it is still significantly lower than the peak rates prevailing in 1997. The stiff competition among banks attracts strong retail customers and has made for more attractive financing packages. As for inflation, once consumers have adjusted to the higher prices, such expectations may well help property prices go up. The overall macroeconomic outlook still looks positive as Malaysia is forecast to show a healthy gross domestic product growth and per capita gross national product is expected to be on an uptrend. And purchasers tend to buy properties to hedge against inflation.

Going forward, what are your priorities, concerns and business strategies?
For our customers, we are focused on satisfying their needs and realising their dream homes. We aim to give them the ultimate in terms of design, quality, infrastructure, landscaping and security. We want to establish our brand name as a true premium developer. We are also working to expand our profit margins and enhance our earnings by introducing higher-value products.

The escalating cost of materials is a major concern as it can erode our profit margins. We have managed to absorb the price increase of about 5% so far through our own productivity improvements and branding strategies.

We will continue to consolidate our position in the Klang Valley and Johor Baru markets, which we believe will continue to see a steady increase in real estate prices. The Klang Valley is the most economically vibrant location and remains the key property market to be in.

Johor is the prime beneficiary of increased infrastructure spending under the 9MP. The development of the South Johor Economic Region promises to be a strong catalyst to drive the property sector. The booming Singapore economy will also create positive spin-off benefits for JB. We will soon extend our reach to Penang with the Setia Pearl Island project, which will be the springboard to establish a foothold in the northern region.

What do you see as your company's strengths and weaknesses? Your recipe for success?
Our readiness to invest substantial amounts to construct infrastructure, including highways and public parks, have endeared us not only to our residents but also those from nearby neighbourhoods.

Our single-minded focus to provide the best in terms of service, product and people to our customers has motivated us to implement the SPPQ Programme. Our steadfast commitment to corporate social responsibility via S P Setia Foundation also sets us apart. We have built a reputation as a caring developer which earns us respect and trust and cultivates goodwill.

Our size is a double-edged sword. It can be our strength as well as our weakness. With our rapid expansion and geographically diverse operations, we run the risk of losing sight of our objectives and allowing complacency to creep in. That's why we place great importance of cascading the company's direction to all our staff and gear our human capital efforts towards cultivating a strong spirit of teamwork.

Comments on performance of your products now on the market.
I believe S P Setia has built a name as a reliable and quality-focused developer. We have gained a wealth of goodwill based on our visible commitment to product and service quality. Our projects are highly sought-after for their creative concepts, lush greenery and well-planned infrastructure. Many of our customers are repeat buyers. The brand-building exercise of grouping our products to target the diverse needs of the mass to high-end markets has enhanced the brand recognition,

Comments on emerging as one of *The Edge* Top Property Developers for 2006
It is a great honour for us to be recognised in this prestigious list. It is never our practice to measure our own success. We let our customers and the public do the judging. The fact that we are on the Top 10 list for the fourth consecutive year must mean that we are doing the right thing. The award will fuel our spirits to continue to aim for excellence in every aspect of our business.

emerge, we accept responsibility. When the accident took place, we rectified it and rebuilt the collapsed section to even higher standard." The link is an important part of the group's strategy to ensure the market responds positively to the huge Setia Alam and Setia Eco Park developments. And it seems to be paying off.

With last month's opening of the highway link, there has been a marked increase in enquiries about units there. S P Setia has sold more than RM1 billion of properties in both developments since their launch two years ago.

A more recent incident was the collapse of a section of a retaining wall in the high-end Duta Nusantara project in the Sri Hartamas area. "The collapse was due to a contractor's lapse, but work there is back on track and the contractor will just have to redo the wall." Duta Nusantara and the neighbouring Duta Tropika have been hugely successful for S P Setia. Both are sold out and giving investors very good rental returns, with a semidee fetching up to RM16,000 in monthly rental, while a bungalow fetches RM25,000 rental.

Setia Eco Park will be an upmarket address promising a tropical sanctuary setting

Liew also tells *City & Country* that the group plans several large commercial developments within its projects in the Klang Valley and Johor. The first is a Tesco hypermarket in Setia Alam, to be followed by another two hypermarket-cum-retail centres by year-end. Two more similar projects will be developed in 2007.

The rationale? "These will be fully tenanted and ensure recurring income. The first centre will have 264,000 sq ft of space while the largest one of the five will have 750,000 sq ft. We feel the timing is right as the sites have matured and have a sizeable population base."

The next six months will see the launch of Setia Hills in Ampang, one of two growth drivers for the group. "Setia Hills was to launch in April but we delayed it by five months to incorporate customer feedback into the designs. We revamped the whole concept to suit our customers' likes."

The project covers 15 acres, including some units on a hillslope, and has a gross development value of RM200 million. The exclusive development, under the Duta brand, comprises just 43 units. Setia Pearl Island will mark the company's debut in Penang.

Liew expects sales to touch an impressive RM1 billion by year-end. Last year, sales hit RM1.2 billion but this was with contributions from its joint venture in Putrajaya.

On handling the success of the group, Liew says: "When successful, whether in business or private life, always be humble and don't blow your trumpet too much." Liew was recently conferred the Tan Sri title in conjunction with the birthday of the Yang di-Pertuan Agong.

One success is getting the 943-staff company to move along with the overall vision. He sums the vision as simply "giving the best quality product, without short-changing customers and keeping every promise we make".

S P Setia, which started as a construction outfit named Syarikat Pembinaan Setia Bhd, takes charity very seriously. Giving back to society is an important part of the group mission. Its S P Setia Foundation is into its sixth year and gives out more than RM5 million annually in scholarships and aid. The group allocates RM1.5 million to RM2 million a year to the foundation. The rest comes mainly from its business associates, contractors and others.

"As a company, we need to fulfil the expectations of shareholders and take care of the staff. But we also want to take care of the less fortunate. The Anak Angkat scheme has adopted 2,400 schoolchildren who receive aid and scholarships. The foundation also gives a substantial amount in medical assistance." E

THEEDGE MALAYSIA Top Property Developers Awards 2006

ABDUL GHANI ISMAIL/THE EDGE

Tan: Last year was quite a good year for IGB Corp; Right: Cendana. a high-end condo on Jalan Sultan Ismail, KL

IGB: Staying in tune with market forces

BY DIANA CHIN

"More pictures? You have enough of me to start an album," remarks Robert Tan when *City & Country* requested him to pose for *The Edge* Top Property Developers Awards 2006. Having been at the helm of IGB Corp since 1995, Tan is used to the drill of media interviews. It is also the fourth year that IGB Corp has been ranked one of the top 10 companies.

Obliging to the request for another photo shoot, the group managing director whips out a tie to match his shirt before putting on his jacket and standing behind his desk ready for the camera. But we had another request — that we move to one of the balconies on the penthouse floor of Menara IGB at The Boulevard in Mid Valley City Kuala Lumpur.

The affable Tan had no problem with that. We then went on a hunt for a balcony with the best view before Tan finally decided on one that gave a view of the ongoing construction of The Gardens, Mid Valley City's newest component, which will provide a gross floor area of 5.9 million sq ft at a gross development value of RM2 billion.

When we finally settle down to chat, Tan is all business. He talks about where Mid Valley City is going and doing for IGB Corp. During last year's interview for *The Edge* Top Property Developers Awards 2005, he told *City & Country* that his aim was to see Mid Valley City established. Looking at how things are progressing, Tan is close to attaining his goal. "As you can see, the construction of The Gardens is pretty well advanced. Hopefully, by next year, we will see the whole completion of the retail space," he states.

When Mid Valley Megamall opened its doors in 1999, the market was just recovering and Tan says IGB Corp was lucky that the timing was right. "It usually takes three to four years for a mall to mature. Looking at the Megamall now, we have a constant stream of shoppers and we're happy to note that it has become the shopping destination for many. A lot of shoppers treat this like their second home," he smiles.

And he has every reason to smile — last year was quite a good year for IGB Corp. "Our high-end products [the residential developments] were well received and the Megamall is pretty mature. Looking forward, we hope to see The Gardens mature as well.

> We can design, construct, manage and market —Tan

"By then, IGB should be quite stable with an established foundation. We will give The Gardens about three years to take off," Tan says.

Is there a market, looking at the rising number of retail space offered now? Tan says The Gardens will be lifestyle-centric. It will be different from what shoppers get in the city centre. For example, the fashion outlets will be more of the couture range, not the high-end stuff. "We are also putting a lot of emphasis on food. It will be the best in town," he reveals.

The interview takes on a more sombre note when Tan starts to reflect on the stock market. "How the property market does really depends on the stock market, and it [the market] has dropped like hot bricks the past few weeks," he says, adding that things are very uncertain.

Although the US interest rates and rising oil prices are every developer's concern, Tan still believes that Malaysia, as a destination for property investment, is still very cheap. "We're one of the cheapest in the world. You can get a top development in town and pay not more than RM800 psf to RM1,000 psf. That adds up to roughly US$300 psf. Looking at it, even India is more expensive."

According to him, IGB Corp's high-end residential products under its property development division Tan & Tan Developments Bhd continue to meet expectations, garnering interest from the Middle East, Europe, Australia and even China.

On the retail side, Tan says the Megamall is still projecting good growth of about 20% to 30% year-on-year. "I can't say the same for the rest [of the malls] out there but this is how we are doing," he adds.

When asked for the secret to the Megamall's success, he responds with a question. "Why do you think it is doing so well?" The right product and tenant mix, good location, shopper-friendly atmosphere are just some of the traits that make the mall an attractive destination, he continues.

"Why do you come here [Megamall]?" he asks. When this writer responds that people think twice about coming to Megamall because of its traffic jams, Tan says when the next phase is ready, there will more parking lots and better direct exits to the main highways.

When asked whether shoppers would therefore need to strategise their visit to the mall — coming in either on weekdays or early morning on the weekends (to avoid the traffic jam),

CONTINUES ON PAGE 10

Q&A

How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?
The Malaysian economy has so far been resilient, having weathered the effects of rising fuel prices and the bird flu scare as well as their impact on economic recovery. However, hikes in the overnight policy rate and the base lending rate by Bank Negara Malaysia are expected to affect growth patterns and business activities in the property market.

Nevertheless, the company's experience and track record of over 30 years in property development have made us especially resilient to the vicissitudes of the property cycle. The management team constantly reviews the way we conduct business, including finding new innovative solutions towards improving product design and quality, construction techniques, marketing, sales and customer service. By staying in touch with the changing needs of our customers, we have strengthened the premium brand of Tan & Tan (IGB Corp's property development division) while maintaining a high standard of product services, which allows us to compete effectively in a competitive environment.

What is your take on the prospects of the property market for the second half of this year and 2007?
We expect keener competition as the property market consolidates further. In the residential sector, we foresee the younger segment of the population to be the main driver towards future household formation. Well-heeled investors will continue to adopt selective buying patterns for niche high-end projects with the right product mix and branding, good location, uncompromising quality and superlative customer service. On the retail front, we remain optimistic about the domestic market despite the expected increase in retail supply. Also, in conjunction with Visit Malaysia Year 2007, Tourism Malaysia will be aggressively pursuing to further internationalise Malaysia's image as an attractive tourist destination. We aim to support these tourism campaigns and position the Megamall as a much desired shopping destination.

What are your priorities, concerns and business strategies?
We will continue to leverage on our strong reputation in the mid- to high-end property development segment, and focus on building our investment property portfolio. The premium brand of Tan & Tan will continue to focus on niche luxury residential and commercial development projects by IGB. The market will be seeing more of these projects within the KLCC neighbourhood and beyond, namely Jalan Madge, Jalan Stonor, Persiaran Hampshire, Jalan Jelatek in Ampang and Sierramas.

With Mid Valley City (MVC), our objective is to become a full-range alternative to the Kuala Lumpur City Centre. The second phase of MVC, The Gardens, is approaching the height of its construction activities. The recruitment of key personnel has become increasingly important to bring forth the best retail experience for our customers. Specialised and innovative planning, marketing and leasing strategies are in place to ensure The Gardens concentrates on delivering products that cater for the high-end consumer groups while the Megamall continues to enjoy full occupancy rate and positive rental rate growth.

What do you see as your company's strengths and weaknesses? Your recipe for success?
Our strength is our ability to stay in tune with market forces, and ultimately providing the right products and services to consumers as well as investors. We have the ability to react quickly to technological changes and consumer trends. Weaknesses? Yes. We are constantly on the lookout for opportunities to expand our landbank. IGB's recipe for success is its human capital, which means hiring the right people to meet the challenges. Senior management is actively involved in the recruitment of top professionals within the local region as well as abroad.

Comments on the performance of your products on the market.
Our property development division Tan & Tan continues to meet expectations. Cendana on Sultan Ismail, a 42-storey luxury condominium adjacent to Renaissance Hotel, has achieved RM197 million in sales. Havanah and Savanah of Seri Maya, Ampang, have registered a combined revenue of RM244 million. Seri Penaga, the last phase of freehold bungalows and semi-detached homes in Sierramas West, received encouraging response, locking in RM21.6 million in sales within four months of the launch.

The Northpoint, located at the northern end of Mid Valley City and comprising 208 units of office suites and 228 units of serviced apartments, has performed well with RM306 million in sales to date.

The Megamall at Mid Valley City is expected to enjoy a continuous uptrend, with about 36 million visitors a year. Tenant occupancy remains high at 99% with over 200 renewals and new tenancies during the year.

Our aggressive promotional campaigns for the Megamall have won us the MAXI Merit Award 2005, an international award recognition of excellence in marketing programmes — the first for a Malaysian mall. The Megamall also received the Gold Award in the Retail World Excellence Award 2006/2007.

The Gardens at Mid Valley City will provide a gross floor area of 5.9 million sq ft and gross development value of RM2 billion. It comprises a high-end shopping centre, two class-one office towers, a five-star all suites hotel and a five-star hotel. With 800,000 sq ft of net lettable area for the shopping centre, it has already secured two major anchor tenants, namely Isetan and Robinsons, before opening its doors in September 2007.

Comments on being one of *The Edge* Malaysia Top Property Developers 2006.
It is an honour to be recognised as one of Malaysia's top property developers for 2006 by a premier business publication. We see it as a gratifying endorsement from the general public, the business community and the press. The award also endorses Tan & Tan's positioning as a premium brand, and it reinforces our commitment to continue to deliver innovative products of the highest quality.

Your wish list
Opportunities for growth in property development would depend on concerted efforts to create fresh demand in the domestic market. Further relaxation of FIC guidelines as well as granting tax incentives for real estate investment trusts (REITs) would attract more foreign and local investors.

We hope to see greater incentives for high net worth individuals to encourage participation in the Malaysia My Second Home scheme and to attract new inflow of foreign capital and more investment-friendly policies to encourage quality international retailers and franchisees to set up new outlets and promote Malaysia as a world-class food, shopping and retail destination.

FROM PAGE 8
Tan smiles. "We need people like that — those who come on weekdays and at off-peak hours. At the moment, we have 7,500 parking bays, which equals to 20,000 to 30,000 people at one time. That's as many as we can handle," he says.

The Megamall's success has spurred IGB Corp to look at building malls of equal or better calibre overseas. "We cannot do anything smaller but we also need to find the right partners and that takes time to negotiate," says Tan. "They have land and they don't need money, so it can be quite difficult to get the right partners who will let us manage the project as well. There's no point in us just investing in it. If we do get into a joint venture, we have to take a lead role," he adds.

And IGB Corp has the capacity to do this well as the infrastructure is in place. "We can design, construct, manage and market," Tan says confidently.

On the residential market, he believes there will still be demand for homes if the economy grows at its projected rate. "There are still about 70% of people who do not own homes and if the economy grows, more will have better income and purchasing power. I believe this will translate to more people buying homes.

"As long as we have that growth, there will be demand for property. Of course, it will also depend on the market. For the high end, we need foreign buyers," Tan says.

What are IGB Corp's weaknesses? Tan concedes that it is its lack of landbank, having been busy completing Mid Valley City for the past 10 years. "We've had to concentrate on this one development but I dare say we'll be done in the next 12 to 24 months," he says. "We have about 18 million sq ft of development. If you translate that into homes, it will be about 12,000 to 13,000 units. Not many people have done that. After this [Mid Valley City], we're very free to look elsewhere," he laughs.

An ideal project for Tan would be another commercial/retail or a high-end residential development. "IGB is quite comfortable now. We don't have to worry about bankers knocking on our door so we are able to spend more time focusing elsewhere, in this area."

As he speaks, Tan is pushing IGB Corp's hospitality business. When fully completed, Mid Valley City will have three hotels and one serviced apartment block. "We hope to build more Cititels [name of IGB's hotels] in this region. We already have one in the Philippines and we're looking at Bangkok, China and India," says Tan, pointing to a stack of proposals sitting on his desk.

He could not ask for a better performance where Cititel in Mid Valley City is concerned. "We have about 90% occupancy rate. Our concentration would be 3- to 4-star hotels," he says, adding that IGB Corp just opened The Boulevard, targeted at business and leisure travellers, in Mid Valley City. E

IGB Corp Bhd

FINANCIAL YEAR-END DEC 31 (RM MIL)

ITEM/YEAR	2005	2004	2003	2002	2001
Revenue	619.7	504.6	532.2	405.7	199.9
Pre-tax profit	173.4	141.7	184.4	114.5	61.9
Paid-up capital	730.3	706.9	581.8	572.1	297.0
Shareholders' funds	2,382.4	2,292.1	2,098.8	1,941.8	1,292.9
Profit attributable to shareholders	105.5	101.1	147.5	67.7	47.8
Dividend rate %	5	5	10	3	5

ONGOING LAUNCHES

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM MIL)	LAUNCH DATE	TAKE-UP (%)
Savanna, Seri Maya	C	437	148	July 2005	74
Cendana @ Sultan Ismail	LC	152	282	Jan 2005	77
Northpoint @ Mid Valley City	A	228	154	March 2006	95
Sierramas West: Seri Penaga	B & SD	31	36	Feb 2006	52

IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM MIL)	EXPECTED LAUNCH
U-Thant Residence	LC	77	171	July 2006
Hampshire (Phase 2)	LA	186	120	Oct 2006
Laman Sierramas	CT	47	29	Oct 2006
	SD	2		
Seri Maya (Phase 5)	C	90	38	Nov 2006
	SO	10	8	Nov 2006
6 Stonor	LC	106	270	June 2007

C – Condominium; LC – Luxury Condominium; LA – Luxury Apartment; CT – Courtyard Terraces; A – Apartment; B – Bungalow; SD – Semi-detached; SO – Shop Offices; GDV – Gross Development Value

THE EDGE MALAYSIA Top Property Developers Awards 2006

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I&P: Decades of experience

BY FINTAN NG

This is the fourth consecutive year that Island & Peninsular Bhd (I&P) has made the line-up of *The Edge* Top Property Developers Awards 2006.

Ranked the country's largest developer in terms of landbank after its rationalisation exercise with Golden Hope Plantations Bhd in November 2004, I&P now has a total landbank of more than 16,000 acres in the Klang Valley, Penang and Negri Sembilan.

A township developer by reputation, I&P and its subsidiary Syarikat Perumahan Pegawai Kerajaan Sdn Bhd (SPPK) have over four decades of experience between them. SPPK developed the 550-acre Bukit Damansara, one of Kuala Lumpur's premier addresses.

I&P's ongoing township developments include the 638-acre Alam Damai in Cheras (by SPPK), the 1,904-acre Bandar Kinrara in Puchong, the 257-acre Taman Setiawangsa in Ampang and the 2,800-acre Kota Seriemas in Nilai, Negri Sembilan.

Lest anyone thinks I&P only goes for large township developments, it is developing the 43-acre Desa Mastiara II on Jalan Yeap Chor Ee in Penang, the 72-acre Alam Sutera in Bukit Jalil, through SPPK, and the 42-acre Seri Beringin in Bukit Damansara.

A terraced house is a terraced house anywhere. It's the location and understanding buyers' needs that are important — Jamaludin

Now that Alam Damai in Cheras is almost complete and Bandar Kinrara is 80% developed, I&P is looking towards its new township developments of the 1,400-acre Alam Impian in Shah Alam and the 565-acre Bayuemas in Klang.

I&P group managing director Datuk Jamaludin Osman says the endorsement yet again by his peers in the property industry "feels good".

He notes that in a challenging environment — where the residential property market is consolidating, and where there are numerous players and buyers have many choices — a trusted name, quality and location count.

"A terraced house is a terraced house anywhere. It's the location and understanding buyers' needs that are important," says Jamaludin, adding that the likelihood of I&P ever abandoning a project is zero.

Township development

"What does one look for in townships?" Jamaludin asks. It must be integrated with open spaces, facilities and landscaping, he says, adding that I&P develops mostly landed properties.

While acknowledging there is always an inherent risk in developing large township developments, Jamaludin stresses that I&P, like other developers, will go where the market is.

"We develop all types of landed properties, from low-cost to bungalows and bungalow lots. We cater for all according to market demand," he says. And according to him, the market is still dominated by demand for terraced houses.

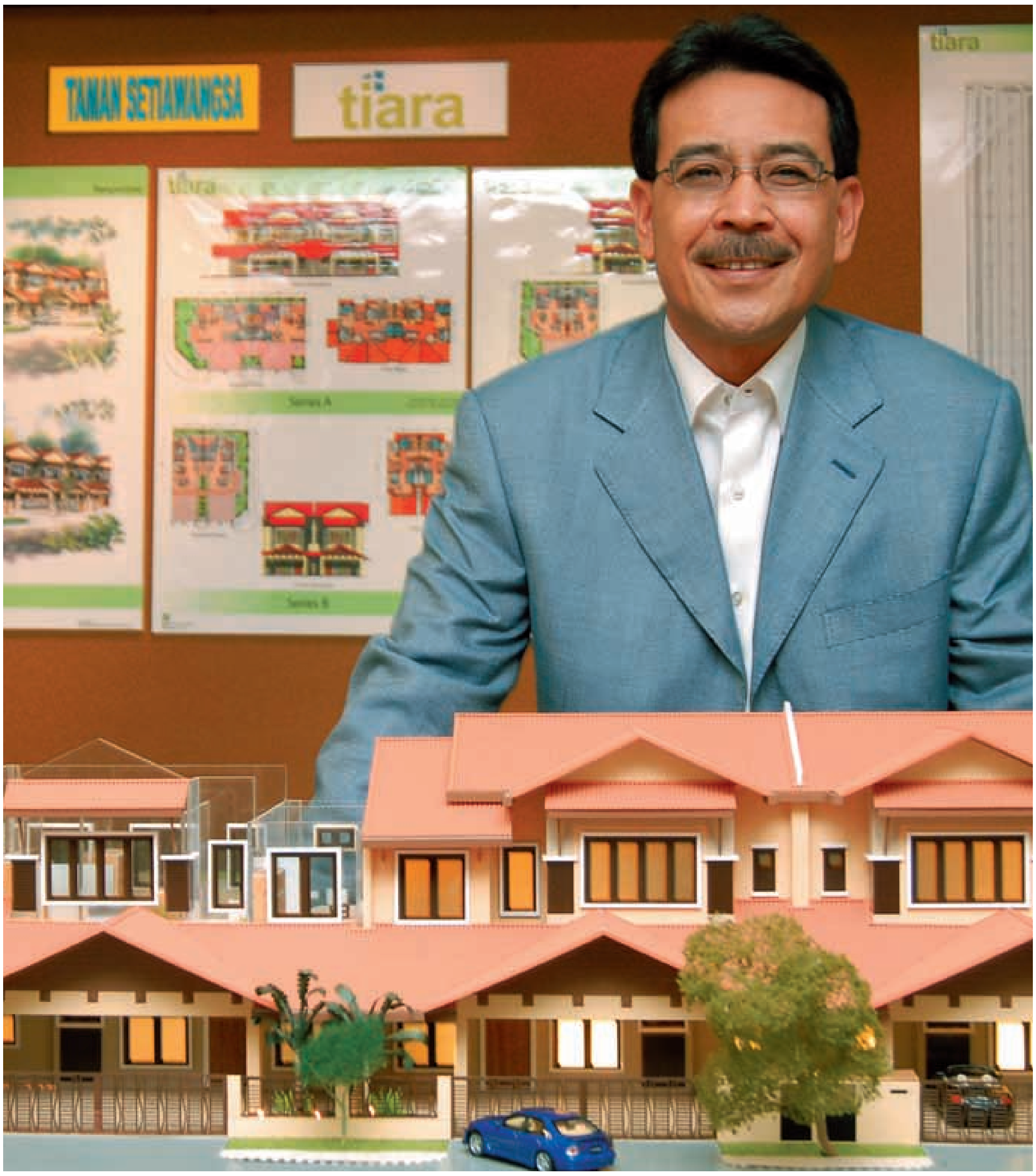
Jamaludin divides the market into three segments: first-time buyers looking for an affordable entry; first-time buyers who can afford more; and those upgrading to high-end properties as well as investors.

"Our townships cater for all these segments," he says, noting that there is an advantage to being a township developer although big projects have a bigger risk exposure.

"Where demand moves from one property type to another, we adjust accordingly," he says. Caution is also the name of the game. "There's always room for improvement,

CONTINUES ON PAGE 12

PATRICK GOH/THE EDGE



Jamaludin: There's always room for improvement, especially under the current market conditions

Q&A

How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?

Following the rationalisation exercise, the I&P Group emerged with a large land bank of more than 16,000 acres, making the group probably the country's largest land owner. However, this boon came along with the new challenges.

Primarily, management had to identify ways in which to unlock the value of this large land bank, much of which are ripe for development in the short, medium and long term in line with the group's strategic positioning.

The other challenge was to identify and package parts of this land bank, which were deem unstrategic to the group, and to market them in order to realise cash, upfront. This is an on-going process.

The other achievement of the management of the new group was in integrating and harnessing the positive contributions of its 500+ strong workforce. Different work cultures and expectations had to be meshed and focused.

Having embarked on these challenges in a positive way, the group was able to make a success of the rationalisation to work together to deliver a turnover of RM541.5 million and a profit before tax of RM676 million for the 2004/5 financial year.

The profit was boosted by exceptional gains from the disposal of I&P's unit, Austral Enterprises Bhd, a feature of the rationalisation exercise.

What is your take on the prospects of the property market for the second half of 2006 and 2007?

The property market is cyclical in nature and as a fully-fledged property developer no longer buffeted by plantation profits, the I&P group is now poised to ride the property market roller coaster.

With the group's combined experience we shall concentrate on delivering the right fundamentals. Primary focus will continue to be on delivering a well-designed product with the best quality of workmanship. Market intelligence gathering will be fortified to ensure that our locations and prices will be reflective of the prevailing demand.

Record shows that despite the current cautious market sentiment, the group has been consistently able to sell 70-90% of all its new launches this year.

CONTINUES ON PAGE 12

Shoplots in Taman Setiawangsa off Jalan Ampang

Below: Alam Damai, Cheras, a township development by I&P subsidiary SPPK

Island & Peninsular Bhd

FINANCIAL YEAR END JAN 31 (RM MIL)

ITEM/ YEAR	2005	2004	2003	2002	2001
Revenue	541.5	555.1	490.7	375.2	362.3
Pre-tax profit	676.0	165.7	111.0	70.0	65.0
Paid-up capital	353.3	349.9	232.9	232.8	232.6
Ordinary A shares	479.2				
Shareholders' funds	3,353.6	1,127.5	789.4	763.5	747.0
Profit attributable to shareholders	620.3	105.8	39.6	26.5	26.2
Dividend rate (net) %	38.1	46.9	16.8	16.8	16.8

ONGOING LAUNCHES

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM MIL)	LAUNCH DATE	TAKE UP (%)
Sri Beringin,	SD	54	88.70	Sept 2005	85
Bukit Damansara	B Lot	31	69.52	Sept 2005	55
	SD	10	27	For	—
	B	13	59	Rental	
Alam Damai, Cheras	DST	76	24.13	Aug 2004	96
	DST	95	28.85	Feb 2005	95
	B Lot	39	18.80	May & July 2005	87
	B	27	29.28	May-2006	44
Alam Sutera, Bukit Jalil	B Lot	37	8.67	March-2005	95
	SD	20	12.71	Feb-2006	70
	SD	14	8.92	May-2006	21
	B Lot	29	13.24	April-2006	76
Bandar Kinrara,	PHASE 9A5A	88	33.70	Jan-2005	80
Puchong	DST	72	23.89	Jan-2005	82
	DST	112	44.14	March-2005	54
	DST	65	24.70	June-2005	92
	DST	66	23.54	Oct-2005	95
	DST	66	24	June-2006	33
	DST	26	19.74	March-2006	95
	SDB	17	23	April-2006	88
Kota Seriemas, Nilai	DST	100	17.53	Jan-2005	47
	Twinvillas	54	17.84	Aug-2005	26
Desa Mutiara II, Penang	SD	8	6.36	Oct-2005	100
	VL	8	4.71	Jan-2005	100
	VL	12	8.36	Jan-2005	75
Taman Inderawasih II, Penang	DST	52	12.95	Sept-2005	67
Taman Setiawangsa,	DST	102	50.04	March-2006	88
Kuala Lumpur	BS	132	47.51	July-2004	89

SD – Semi-detached B – Bungalows B Lot – Bungalow Lots DST – 2-storey Terrace
VL – Vacant Lot BS – Business Suites SDB - Semi-detached bungalows
GDV – Gross Development Value

FROM PAGE 11

especially in current market conditions. We also have to do more promotions," he adds.

Jamaludin is still confident that older townships like Taman Setiawangsa in Ampang can still sell, judging from the take-up rate of the most recent launch there. "We launched at the end of March 102 units of terraced houses priced at an average of RM490,000 and it is 88% sold today," Jamaludin says. Taman Setiawangsa first saw development in the mid-1980s.

"We feel there is still demand for housing, especially in Alam Impian and Bayuemas, that's why we're testing the market there with the launch of 20 bungalow plots and 100 terraced houses," he says.

According to Jamaludin, there are plans to introduce terraced houses of 24ft by 80ft or 26ft by 80ft in the new townships of Alam Impian and Bayuemas, to cater to demand for such units.

He says looking at the future plans for Alam Impian, the emphasis on township communities such as pocket parks and open spaces would continue, in keeping with the design of Alam Damai in Cheras where a 30-acre park is the centre of the township. ■

FROM PAGE 11

What are your priorities, concerns and business strategies?
Since our business focus is now solely in property, our priorities, concerns and strategies are to generate maximum returns for our shareholders through the following ways:

- Continue developing quality products within our existing ongoing townships such as Bandar Kinrara, Taman Setiawangsa, Alam Damai and Kota Seriemas.This also includes our niche development such as Seri Beringin (Bukit Damanasara) and Alam Sutera (Bukit Jalil).
- Turning around unstrategic land into attractive and marketable pieces of property.
- To introduce complimentary land use by introducing colleges, malls, training centres etc into our existing townships to spur growth.
- To strengthen income from rental investment through "build & rent" or "outright land lease". For FY 2005 our rental income was RM15.15 million. This financial year we have new tenants namely Tesco, Puteri Nursing College and KUIM bringing in additional annual rental of RM7.0 million. In addition, the ongoing construction of bungalows and semidees within the gated precinct of Seri Beringin, Bukit Damansara, will add at least another RM 3.5 million annual rental, upon completion.
- Identifying suitable locations for new developments. In the current year we have planned to launch mixed developments in the 1,200-acre Alam Impian township in Shah Alam and the 565-acre Bayuemas development in Klang.

What are your company's strengths and weaknesses? Your recipe for success?
I&P and its subsidiaries namely Perumahan Kinrara Berhad (PKB), I&P Seriemas and SPPK to name a few have been in the property business for decades building homes and townships all over the country. Our strength is in building townships with homes right across the spectrum from low-cost housing to high-end with the necessary facilities and amenities thus putting together people from all walks of life into one community.

Apart from this, I&P's strength is also in developing niche purpose-built buildings such as those located in Bukit Damansara. The underlying reason for our success is in understanding the market needs and maintaining a positive viewpoint of the industry.

Comments on performance of your products on the market
As in the past, our products continue to experience good take-up rates in the market. Recent example is the launch of 2-storey terraced homes in Taman Setiawangsa in March 2006 - to date 88% has been sold. In Bandar Kinrara, 2-storey semidees launched in March 2006 are to date 95% sold. In Alam Damai, Cheras, the bungalows launched in May 2006 and priced from RM1 million onwards have to date achieved 45% sales.

Comments on being one of *The Edge* Malaysia Top Property Developers 2006
We are proud that our efforts are recognized by our peers and will continue to innovate and deliver on our promises.

Your wish list
That there is continued economic growth and that all players in the industry continue to introduce groundbreaking ideas and challenge convention.

Sunway City dares to be different

BY DIANA CHIN

HARSI HASSAN/THE EDGE

Wong: Sunway City maintains its lead by offering a wide range of products in prime locations

The sales gallery of Sunway City Bhd at Menara Sunway has taken on a brighter and fresher look. Senior managing director Datuk Wong Choon Kee tells *City & Country* that Sunway City's logo will also take on a new look soon. (It was unveiled about three weeks after the interview.) He is in an upbeat mood as he shares the results of the company's financial year ended June 30, 2005.

Sunway City registered a turnover of RM765.6 million for the property development division. According to Wong, the higher profits came from sales in 2004/2005. The company's overall performance exceeded expectations, setting benchmarks for its Kiara Hills development and others including Sunway Cheras and Sunway Semenyih. Kiara Hills, regarded as the Beverly Hills of Kuala Lumpur, is Sunway City's high-end development located near the Desa Sri Hartamas/Mont'Kiara area.

A savvy property developer should know the market well, concentrate on planning and delivering the right products in prime locations and build on a strong branding presence — Wong

From January to April this year, Sunway City recorded RM233 million in property sales. Its target for this year is RM820 million and Wong expects this to come from the developer's key projects located in the Klang Valley and Penang. Plans to launch about RM1 billion worth of properties this year will come from the developer's projects of South Quay, Sunway Damansara, Sri Hartamas, Kiara Hills and Sunway SPK. Wong points out that these are mainly prime areas in the Klang Valley, which gives Sunway City a competitive edge.

"As a multi-location developer, Sunway City has been able to maintain its market lead by offering buyers a wide range of products in prime locations. A savvy property developer should know the market well, concentrate on planning and delivering the right products in prime locations and build on a strong branding presence," says Wong.

According to him, Sunway City's higher-end products have seen a strong demand which has enabled the group to improve its bottom line.

"This has also resulted in a strong company branding presence. We were well received by the public as a premier and trusted property developer, commanding a strong market presence. Performance has been strengthened by enhanced operating processes and emphasis on innovation and value accretion," says Wong.

"Developers have to think out of the box and compete on the bases of innovative product differentiation, well planned concepts, savvy land purchase skills, fast project turnaround time, as well as effective sales, marketing and branding strategies."

Wong draws attention to the improvement in quality and finishes of Sunway City homes, saying a strong emphasis has been placed in these areas to minimise the number of defects in all its developments. This is evident in the results of this year's qualitative ranking — Sunway City is in the fourth position, up from number eight last year.

With a high quality landbank and over half of the group's gross development value (GDV) in prime areas of the Klang Valley, Wong feels the company is well positioned in the medium- to high-end residential and commercial segments, which are currently the better performing segments of the market. Sunway City's focus will continue to be in the mid- to high-end developments in prime areas with the company seeking opportunities for joint venture projects with landowners.

Sunway City's Kiara Hills is also known as the Beverly Hills of Kuala Lumpur

Its Sunway Damansara project located near Bandar Utama/Mutiara Damansara area is a 60:40 Sunway City and Selangor State Economic Development Corp joint venture. It is also in a joint venture with the Kuwait Finance House and Employees Provident Fund, each having a 20% stake in the development of South Quay. The development is the last remaining tract in the Bandar Sunway township and is expected to be the key growth driver for Sunway City in the medium term.

On the retail front

Wong is excited when he speaks of how well Sunway Pyramid is doing. Free from encumbrances, the mall enjoys near 100% occupancy. It now has about 900,000 sq ft of net lettable area but work is in progress to expand it by another 700,000 sq ft, with completion expected in the second half of next year. An anchor tenant has been secured for the new space but Wong says it is too early to give details. At the time of interview, Sunway City had already signed up more than 50% of tenants for the new space. The extension also means additional car park bays for the already crowded mall. Wong says this would add up to about 10,000 bays in and around the area when work is completed.

Going forward

The completion of the extension to Sunway Pyramid will most likely be followed by the group's launch of a real estate investment trust (REIT) with Sunway Pyramid as the key asset. "The proposed launch of the REIT will also enable Sunway City to become a full property development focused company eventually," says Wong.

On residential properties, Wong sees the demand focused on landed properties in good locations and weakness in secondary locations and the low-end market. The hike in interest rates and oil prices, resulting in an increase in building material costs, would mean lower profit margins for many developers. However, Wong says Sunway City has been able to lock in its building materials cost for most of its existing projects. Given its existing landbank, the developer feels there is not much need for significant landbanking activity. "There could be opportunities for smaller parcels of land in established areas," says Wong, but Sunway City's remaining GDV, estimated at about RM8.4 billion, will keep the company busy for another 10 years. E

Q&A

How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?
It was a challenging year for most property developers in 2005. For Sunway City, we are constantly improving the quality of our homes, and continue to offer purchasers innovative and unique products of high standards in all our developments.

The challenges that we are aggressively overcoming include strengthening our human capital for local and overseas expansion, sourcing prime landbanks at strategic locations and maintaining our continued presence in diversified locations, and building homes in locations where people want to buy and live.

Sunway City Bhd

FINANCIAL YEAR-END JUNE 30 (RM MIL)					
ITEM/ YEAR	DEC 2005	2004	2003	2002	2001
Revenue	1,139.4	992.5	728.6	659.4	587.5
Pre-tax profit	284.0	169.2	107.1	156.5	34.9
Paid-up capital	412.6	410.5	400.3	340.2	340.2
Shareholders' Funds	932.9	838.9	762.8	735.0	603.6
Profit attributable to shareholders	109.7	66.9	25.5	118.4	6.3
Dividend rate (%)	3.5	5.0	1.0	1.5	—
Property Development Segmental Report					
Revenue	765.6	599.2	368.3	322.2	272.8
Pre-tax profit	243.8	152.6	82.8	102.0	60.9

ONGOING LAUNCHES			
PROJECT/LOCATION	TYPE	GDV (RM MIL)	TAKE-UP (%)
Sunway Damansara, PJ	SO	478.0	92
	F	276.2	95
	B	332.2	96
	T & TH	272.3	98
	C	57.2	99
	T	56.9	85
	C	89.8	51
Sunway SPK Damansara, PJ	LH	403.4	96
Kiara Hills, KL	B	419.2	81
	CYH	67.3	39
Sunway City Ipoh, Perak	KR	9.1	99
	F	20.6	75
	B & V	55.6	62
	SD	90.0	92
	SO	36.5	93
Sunway Kayangan, Shah Alam	SL & LH	168.8	85
Sunway Semenyih, Selangor	B	26.9	100
	SL & LH	139.3	99
Sunway Rahman Putra, Sg. Buluh	B	57.7	100
	SL	83.6	80
Sunway Bukit Gambier, Penang	T	110.5	62
Sunway Grand, Penang	T & SD	36.3	73
Pena Enterprise, Ampang	LH	88.3	89
Casa Kiara, Sri Hartamas, KL	C	69.4	91
Sunway Cheras, KL	LH	67.1	66
Sunway Kinrara, Puchong, PJ	LH	47.9	88
Sunway Toul Kork City, Cambodia	B	37.8	70
Sunway Suria, Shah Alam	LH	34.4	70

IN THE PIPELINE (FY 2007)			
PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM MIL)
Sunway SPK Damansara, PJ	SD &	223	179.5
Sunway South Quay, Bandar Sunway	B & C	141	169.1
Sunway Damansara, PJ	DF, SO & T	172	162.6
Palazzio Sunway - Medallion, KL	C	80	127.3
Amisia, Sri Hartamas, KL	C	206	87.3
Sunway Bukit Gambier, Penang	B, 2½-ST & SD	102	72.7
Sunway Suria, Shah Alam	CH, DST & SD	214	66.7
Sunway Kayangan, Shah Alam	SO, DST & SD	184	64.1
Sunway Melawati, KL	2½-GV	80	56.0
Kiara Hills, KL	Duplex C	40	44.0
Sunway City Ipoh, Perak	B, CH & SD	138	38.7
Sunway Cheras, KL	2½-ST	68	31.3
Sunway Semenyih, Selangor	DST	63	12.9
		1,711	1,112.2

SO – Shopoffice; C – Condominium; KR – Kedai Rakyat; A – Apartment; SL – Superlink; F – Factories; T – Terraced; SD – Semi-detached; DF – Detached factories; TH – Townhouses; B – Bungalows; LH – Link Houses; CH – Cluster Homes; DST – Double Storey Terrace; GDV - Gross Development Value; GV – Garden Villa; CYH – Courtyard Homes; B & V – Bungalows & Villas; 2½ ST – 2½-Storey Terrace

As a property developer of choice, we are also actively endeavouring to set new benchmarks in new localities, consistent with our branding strategy. We are also reaching new levels by consistently delivering quality products and after-sales services to purchasers.

It is imperative to keep pace with the ever-changing needs of customers and to always exceed their expectations. There has to be a balance between innovations and practicality, size and perceived value of their homes, in order to tweak demand from house buyers.

Our strong branding and proactive stance have given us our biggest achievements and repeat customers.

What is your take on the prospects of the property market for the second half of this year and 2007?
Sunway City is looking at a cautious second half this year. It will be a challenging period as a whole where you will have changes in the industry, where property developers need to take stock and rethink strategies before forging ahead.

The local property sector is in consolidation mode and developers need to ensure that profit margins are within an acceptable range before commencing projects. The recent hike in oil and electricity prices will further aggravate the pricing of materials and transportation costs, and developers have to watch out for rising costs of raw materials such as sand, cement and steel, which can eventually erode their profit margins.

Demand for properties in all sectors is expected to generally soften in the second half of this year whilst housing prices will remain consistent. Properties in good locations, and relevant to the market, will continue to sell well, but at a slightly slower pace.

Another serious problem that developers have to contend with is the rising holding costs on land acquisitions, project delays and the lack of a skilled workforce, which will be detrimental to those with inadequate cash flow. In order to contain rising costs, we will improve our strategic sourcing methods such as bulk purchasing.

Overall, developers with a proven track record in quality, design, timeliness and service will have the edge to tide through this period. For 2007, the overall market sentiment depends largely on the smooth implementation of the Ninth Malaysia Plan and its multiplier effect.

What are your priorities, concerns and business strategies?
One of our main priorities is to continue acquiring landbanks in prime areas, both locally and abroad. Areas of emphasis are enhancement of operating processes, and emphasis on innovation and value accretion. We will keep improving our products by offering better layouts and designs through enhanced marketing strategies. We are constantly upgrading our human resources and business systems in order to support these initiatives.

Risk management during [a time of] soft property market sentiment is an absolute necessity. We measure our business standards and procedures with international benchmarks and are cautious in overseas property ventures.

Two main external factors that will affect property development are increasing interest rates in the US and volatile fuel and commodity prices. Internal factors that concern us are increasing interest rates and the effect of the implementation of government service tax, which has been deferred.

The recent announcement by the government on the 10:90 "Build-and-Sell", to be implemented with the existing progressive payment "Sell-and-Build" scheme, deserves support. Developers, large or small, have to rethink and restrategise their business plans, moving forward. Either way, it is a "win-win" situation.

Our business strategies include strategic sourcing, bulk purchases, value management and cost effective designs and products. The on-going exercises comprise a presence in multi-locations via joint venture partnerships both local and overseas, and acquiring smaller plots of land of 30 to 100 acres.

What do you see as your company's strengths and weaknesses? Your recipe for success?
Our strengths are our branding in building homes with innovative designs, lifestyle environments, superb customer service and developments in multiple locations. Most importantly, we dare to be different.

Comments on performance of your products on the market
Our products have been well received by customers, as they are different in terms of design, quality and detailing in the different sectors of the market. We are now perceived as a developer of well-built, high quality properties with good finishes. Property development contributes 70% of Sunway City's revenue and is expected to be a major contributor to its coffers in the coming years.

Comments on being one of *The Edge* Top Property Developers 2006
The strong performance has been the result of Sunway City's proactive approach, strategic landbank and being able to build the right type of homes that house purchasers want to buy and live in. We have worked very hard because we want to be among the top property developers in the country. We are here for the long term and our strong branding presence has been built over years of experience and through providing premium quality products. We will continue to grow our business and offer premium products to house buyers, who continue to support us.

Your wish list
A continued sound and resilient economic and political climate, with interest rates remaining low. We would like the government to support the industry in terms of the introduction of new lifestyle and design concepts, and the coming amendments to the Strata Title Act. This will bring our development projects on par with that of more developed countries. The industry players will work with the government to speed up planning approvals and enable these property products to be marketed speedily.

Lee: Positioning IOI Properties as a value-add master developer a priority

IOI: Value-adding strategy

BY FINTAN NG

"It's always gratifying to learn that our peers in the industry have recognised our contributions and achievements," says IOI's group executive director Datuk Lee Yeow Chor. That was his response to IOI Properties Bhd emerging in the top 10 of *The Edge* Top Property Developers Awards for the fourth consecutive year.

In his deliberate and thoughtful manner of speaking, Lee tells *City & Country* that the recognition would spur the group to improve and strive harder.

According to him, that means adding value to the group's flagship freehold projects in the Klang Valley — Bandar Puchong Jaya and Bandar Puteri Puchong, both of which cover about 924 acres — by coming up with more amenities to make them more attractive.

This is also a feature of IOI Properties' strategy of having a varied portfolio that spans not just medium-cost but also higher-end homes as well as commercial properties such as retail and office units and hotels.

He says that while traditionally, most developers focus largely on the residential sector, "for us, we're differentiating ourselves by our varied portfolio and this certainly widens our range of experience and expertise".

> We're differentiating ourselves by our varied portfolio and this certainly widens our range of experience and expertise — Lee

Features from the group's hotel projects have been incorporated into its bungalows while energy-saving features from its shopping centres have found their way into its hotels.

"The diversified portfolio allows us to enjoy recurring income apart from the one-off revenue source from selling residential properties," Lee says, adding that IOI Properties is one of the few developers that enjoy operating profits above RM300 million.

IOI Properties posted an operating profit of RM319.9 million for the financial year ended June 30, 2005, compared to RM326.2 million in 2004. It enjoyed higher operating margins due to sales of commercial properties in Bandar Puteri Puchong and higher rental income from commercial property investments.

The drop in operating profit reflects softer sales in residential properties. However, for the company's nine months to date, ending March 31, revenue rose to RM436.47 million compared to RM420.16 million in the preceding corresponding period, Lee says.

Part of the reason was the extraordinary profit from the sale of IOI Oleochemical shares but underpinning it were better sales from properties, he says.

The group owns and operates two malls — IOI Malls in Bandar Puchong Jaya and Bandar Putra Kulai — and several business parks and buildings, including IOI Business Park in Bandar Puchong Jaya, IOI Square in Putrajaya and IOI Plaza in Singapore. IOI Properties also owns and operates two hotels, Marriott Hotel and Palm Garden Hotel and the 27-hole Palm Garden Golf Club, both in Putrajaya.

"We want to position ourselves as a value-add master developer developing all types of

CONTINUES ON PAGE 18

Above: IOI Mall in Bandar Puchong Jaya

The township of Bandar Puteri Puchong

IOI Properties Bhd

FINANCIAL YEAR-END JUNE 30 (RM MIL)					
ITEM/YEAR	2005	2004	2003	2002	2001
Revenue	591.0	678.0	494.5	528.8	426.4
Pre-tax profit	326.2	326.2	240.3	245.2	203.8
Paid-up capital	332.7	332.7	332.7	332.7	332.7
Shareholders' funds	1,753.6	1,663.4	1,530.2	1,416.0	1,335.6
Profit attributable to shareholders	237.5	228.2	177.4	163.6	134.1
Dividend rate (%)	50	45	40	35	30

SELECTION OF ONGOING AND NEW LAUNCHES				
PROJECT/ LOCATION	TYPE	NO OF UNITS	AVERAGE PRICE (RM)	LAUNCH DATE
Bandar Puteri Puchong	SO	90	1.6 Mil	April-2006
	B	60	1.6 Mil	May-2006
Taman Legenda Putra, Kulai Utara	DST	200	220,000	March-2006
Bandar Putra Kulai	DSC	120	280,000	Jan-2006
Unnamed township in Puchong-Seri Kembangan	DST	200	About 320,000	Jan-2007

SO – Shop Offices B – Bungalows DST – 2-Storey Terrace DSC – 2-Storey Clusterhomes

FROM PAGE 16

properties, not all of which will be for sale," Lee says of IOI Properties' commercial property projects.

In terms of strategy, he says the group is not abandoning medium-cost housing but aims to capitalise on the growing populations of its Klang Valley townships by developing more commercial properties such as shopoffices. In the next few years, signature office blocks will be developed in Puchong.

As part of value-add efforts, land was leased to build a Giant hypermarket three years ago in Bandar Puteri Puchong. Land was also sold for the setting up of Columbia Asia medical centre, which is currently under construction. Other measures include the construction of a wet market complex and leasing land for a badminton complex, both in Bandar Puteri Puchong.

Lee says IOI Properties will continue to facilitate the setting up of amenities in its townships but will not operate them as it's "not part of our core business."

The wet market complexes being built in Bandar Puteri Puchong and Taman Lagenda Putra in Kulai fulfils a basic need of the community. Residents can purchase fresh produce in a clean and comfortable environment, he says.

While higher-end properties are coming up in its Klang Valley townships, the 5,732-acre freehold Bandar Putra Kulai in Johor and the 393-acre freehold Bandar Puteri Klang in Selangor will not be neglected. The developer will continue to build medium-cost 1- and 2-storey terraced houses priced at under RM200,000 in the latter two developments. The venture into higher-end residential properties in the last three years is due to pent-up demand for such housing and the rapidly developing populations of the group's Puchong townships, adds Lee.

Going forward

"We still have more than 500 acres to be developed in Puchong so there'll be plenty to do," Lee says, adding that the Puchong townships would still contribute the bulk of the company's income in the next three years.

In the past year, IOI Properties had acquired two parcels of land, a 253-acre freehold piece in Kempas, 13km from Johor Baru, and 2,000 acres of freehold land in Melaka.

The Kempas land is in a rapidly growing area of the state, with the launch planned for the second half of next year. It will be a mixed development, he adds.

The Melaka parcel will also be a mixed development but it's too early to say when it will be put on the market.

For its 550-acre tract on the Puchong-Seri Kembangan corridor however, the market can expect to see a launch in the first half of next year of 2-storey terraced houses, with indicative pricing of around RM300,000, near the flyover connecting Seri Kembangan to the Puchong toll on the Lebuhraya Damansara-Puchong. The first few phases will comprise terraced houses.

IOI Properties is here to stay. E

A residential unit in Bandar Puteri Puchong

Q&A

How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?

It is a well-known fact that the past year has been a very challenging time for property developers generally, having to cope with an oversupply situation and soft market sentiment. Nevertheless, the lesson that we learnt (or relearned) is that there is always an opening or a bright spot in a generally soft market provided one is quick and courageous enough to exploit it.

As an example, we have managed to sell more shopoffices at much higher prices in our maturing township developments than before. With the higher margins to be made from these shopoffices and our earlier strategy of constructing them far in advance of their sales, we are able to maintain our profit to be about the same as those in the previous two years, which are perceived as better years for property developers.

What is your take on the prospects of the property market for the second half of this year and 2007?

The property market has been in a softening mode since mid-2004, some two years ago. During the past few months, various negative developments, namely the upward movement of interest rates, higher inflation and weaker stock market have taken place. Coupled with the usual lull during the World Cup period, the next few months, I believe, would still see a listless property market.

However, the property market always moves in cycles and as the recent past shows, the cycles are getting shorter with smaller ups and downs instead of the sustained booms and busts that we have seen in the 1970s, 1980s and mid-1990s. I believe that the property market is due for a pickup in early 2007 and will pick up, given the resilient and healthy Malaysian economy and a high proportion of young in the population of the country.

What are your priorities, concerns and business strategies?

In the next one year, we will be focusing on playing our role as a value-add master developer, that is continuing to build various types of properties with different price levels in our maturing township developments that will enhance the values of the existing and future properties. We feel that we need not build and operate ourselves the type of developments which we are not familiar with, such as hospitals, hypermarkets and recreational centres but instead, we will provide the zone planning and infrastructure support for other specialised players to build on our fairly large townships. Of course, we will have to take the lead in building some landmark developments, such as shopping complexes, retail centres and signature office blocks which will give us good recurring income besides appreciating in capital value as the townships become more established.

Comments on being one of *The Edge* Top Property Developers for 2006.

This will be the fourth consecutive year we are honoured with the Top Property Developers award, having achieved the top three places in the previous three years. If you look at the list of award winners, most of them are companies which are relatively young, that is, with less than 20 years under their belt as developers and those companies that were considered as strong players in the Seventies and Eighties are not well represented. This goes to show that even though track record counts, the ability to innovate and fulfil new market needs and the ability to maintain consistent performance and meet current market expectations are even more important attributes for a successful property developer.

As one of the older listed property companies in Malaysia, we will be mindful of the above and hope to be a consistently successful property developer for many years to come.

KENNY YAP/THE EDGE

Jauhari: Sime UEP has a good reputation as a township developer

Sime UEP: Changing with the times

BY JENNIFER GOMEZ

Sime UEP Properties Bhd managing director Jauhari Hamidi was his usual chatty self when *City & Country* caught up with him. Asked to describe the group's performance in recent times, Jauhari says they have done reasonably well for the financial year ended June 30, 2006. This is considering that the company has less strategic landbank to rely on, coupled with soft market conditions.

In 2005, the group recorded a higher revenue of RM488.6 million from RM441.6 million in 2004. Pre-tax profit, however, dipped slightly from RM168.6 million in 2004 to RM154.5 million. The drop was due to additional infrastructure costs, asset impairment losses and recognition of forseeable losses of low-cost apartments offset by profit on the disposal of plantation land and higher interest income, Jauhari explains.

He would be the first to admit that times have changed for Sime UEP. Previously, when Sime UEP launched a product, there would be 500 people queuing for 100 units. That is not the case now. There are still people queuing up but they want to go for specific units, and if they don't get it, they won't buy.

For instance, the developer only managed to launch 60% to 70% of the planned RM700 million worth of products slated for launch in FY2006. "Given the current soft market, we had to defer some launches. In the past we have been known to put 2,000 to 2,500 units on the market. Now, we have a situation where we can afford to hold off some of the planned launches and change some of the products, whether in terms of improving the façade or value. We have been flexible enough to react to the current market. So the results are also in line with the reduced launches, but margins have been maintained," Jauhari explains.

From making projects in not so prime locations work, seeking opportunities abroad to changing the mindset of the team, Jauhari, who has been with the company for 15 months, has his job cut out for him.

> We feel we have achieved the kind of reputation and quality which cannot be done overnight — Jauhari

Depleting strategic landbank and a soft market are not Jauhari's only problems. One of his biggest tasks has been to drum into his team that Sime UEP of the past and today are different. "In the past, our products were in high demand so not much publicity was needed. I found that our advertising and promotions expenditure was the lowest among the main property players. Now we are promoting our products quite aggressively and trying as far as possible to respond to market needs."

There has to be a mindset shift in the team in terms of thinking, he says. "When you embark on something like this, you are bound to face challenges and resistance," he adds. When asked if this has posed a challenge to him, Jauhari laughs and says: "I've been called many names!"

Jauhari believes Sime UEP has a good reputation as a township developer that has built communities and enhanced lives, mainly with its Subang Jaya and UEP townships. Going forward, he intends to tap the strength and good name of its parent company, the Sime Darby Group.

Bandar Bukit Raja

One of the developer's current main rebranding efforts focuses on the 5,000-acre Bandar Bukit Raja, of which 1,000 acres have been developed. Jauhari is intent on changing public perception of this development. "The market in Klang is basically made up of us, SP Setia with its Setia Alam and Alam Perdana by Mah Sing, but we are perceived as doing the lower end, while SP Setia is seen as building the mid-range products and Mah Sing, the semi-detached homes and bungalows. In the past, we were doing 1-storey and 1½-storey terraced houses. Recently, when we tried promoting the 24ft by 70ft, the response was not as good as that for our 1-storey products. And it doesn't help that our competitors have put a lot of products on the market or are marketing very aggressively," he admits.

To counter this perception issue, the developer is working to enhance the eastern zone, which is planned with super links, semi-dees and bungalows, but this will only be launched in three years' time.

Other changes are already in progress, for instance, what was an inconspicuous sales office has been moved to another temporary site, while waiting for the actual sales office to be ready. "It [the old sales office] wasn't reflective of a developer that has 5,000 acres here. Our new office will have enough space for us to build mock-up units in conjunction with our launches," says Jauhari.

He reveals that before he joined the team, sales for Bandar Bukit Raja were poor, as the company was concentrating on its other projects, including Putra Heights and Ara Damansara. "This was somewhat neglected, but considering that this is the landbank that we have, we have to make it work. Density-wise, it's very good, and we have good concepts, but we didn't market the product. People didn't even know it's a Sime UEP development," he offers. Jauhari is also urging his team to take advantage

Q&A

How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?

Generally, the property sector has not been very energetic the past year. We faced the same challenges as other developers. The property sector was also crowded and many players, either new or established, were aggressively launching their projects, resulting in stiffer competition among developers. While this might have left consumers spoilt for choice, the rising interest rates have resulted in a slower take-up rate for the products offered.

The increase in fuel prices and shortage of building materials such as sand, copper wires and aluminium also contributed to increased construction costs. This posed a real challenge for us where we have to deliver value to our customers, that is, quality products at competitive prices.

However, being a seasoned developer with more than 20 years' experience, we have the ability to clearly and quickly recognise market changes. This enabled us to realign our business focus and adopt the right strategy for each market segment. We realise customers are becoming more sophisticated and educated, and as such, qualities such as the offered environment play a crucial role in deciding a purchase.

We feel we have achieved the kind of reputation and quality which cannot be done overnight. As a developer well-known for its innovativeness, we believe we are again the first property developer in Malaysia to pioneer the extended defect liability period (DLP) warranty to homebuyers in Malaysia. We introduced it in August last year. The Sime UEP's 24 months' defect liability period is an extension of additional six months for rectification of any defects in addition to the statutory 18-month DLP. The additional six months commence upon expiry of the statutory 18-month DLP, provided no alteration is made to the property.

As far as our social responsibility is concerned, we have worked with the government to increase the quality of life of Malaysians by successfully delivering 200 units of low-cost apartments in our Ara Damansara township in April 2006 for low-income earners. We have also taken the step of providing our residents peace of mind in our townships by setting up a "unit peronda Sime UEP" in May this year to patrol our townships. The "unit peronda Sime UEP" is linked to Chubb's central monitoring station.

What is your take on the prospects of the property market for the second half of this year and 2007?

The global economic climate will directly or indirectly affect the Malaysian economy. The rise in building material prices, the hike in petrol prices and cost of energy may lead to inflationary pressures on the economy. This will, in turn, contribute to a more challenging business environment for the property market as it would affect the cost of construction.

There is also keen competition in the property market. With rising interest rates, the property sector will face further challenges as people will be more cautious in their spending habits and adopt a wait-and-see attitude before investing in property.

However, the residential sector, despite concerns over oversupply of strata-titled properties and products targeted at the low to medium-income market, will continue to be the most favoured sector. Niche residential properties in preferred locations and at competitive prices should still be sellable.

The company believes developers with a proven track record, strong brand name, healthy balance sheet, good reputation, and with land in preferred locations will have the advantage in these challenging times.

What are your priorities, concerns and business strategies?

Our priorities would be to offer and deliver products that are market-driven to discerning purchasers. We are also looking into acquiring land with high asset turnover potential to address the concerns over our depleting landbank in strategic locations.

Moving forward, our plan includes going into niche developments to cater for today's changing market demands. We are repositioning ourselves from township developers to niche product developers. There is room for high-end products in prime suburban areas with a holistic approach to lifestyle living. We have also pumped up efforts to be more customer focused, exemplified by our more aggressive marketing and promotion efforts. Our sales galleries (in Wisma UEP in Subang Jaya and in Bandar Bukit Raja) are open seven days a week including public holidays to cater for the growing need of the market and to better serve our customers. In addition, we are looking into forming joint ventures and strategic partnerships with established developers.

What do you see as the company's strengths and weaknesses? Your recipe for success?

We believe our strengths lie in our positive attributes and strong corporate values that we strive to translate into the running of our business. Our excellent and solid reputation, passion for innovation, commitment to quality and creating value to ensure optimised returns for both our homebuyers and shareholders, are attributes that we consider to be our strengths. On top of that, we have the commitment and loyalty of our employees, who are the backbone of our company. We have high staff productivity in terms of turnover and profit per staff. We believe that if everyone in the company upholds these core values, and with an intelligent business strategy, that would be the secret of our success.

The key to a successful marketing strategy in the property business is to understand the market; understand what the customers want and build them. Also, one must be able to quickly recognise the changes in lifestyle and expectations of home buyers. Always give and deliver to your customers what they want and strive to exceed their expectations.

Comments on the performance of your products on the market.

We have done well despite current market conditions. Our sales have been encouraging and it is hoped that these will grow from strength to strength. Some developers are happy just selling a few units a month but we are selling by the hundreds. Between July 2005 and mid-June 2006, we have successfully launched 1,347 units of housing properties and 53 2-storey shopoffices with good response from the market. For instance, we have achieved a take-up rate of about 90% for both our 1½-storey and 1-storey link homes in Bandar Bukit Raja, launched in August 2005. All our launches in Taman Perindustrian USJ between August 2005 and March 2006 enjoyed a take-up rate of above 80%. So, yes, overall, considering the soft market, we are happy with the encouraging response to our launches in the last year.

Comments on being one of *The Edge* Top Property Developers for 2006.

We are encouraged to have once again been listed as one of the winners of the award since its inception in 2003. To be considered for an award is the icing on the cake for us. Our passion has always been to build the best properties for our customers and to offer them quality homes and products that could improve their standard of living or lifestyle — whether they are low-income earners, homebuyers who are upgrading to bigger and better homes, or the high-end market segment of those who have "arrived".

Your wish list

- Lower BLR (base lending rate) to encourage mid-low income earners to own their first home.
- Faster approvals by authorities in view of the fast-changing market (shorter product life cycle)
- Malaysia My Second Home scheme administered in a more open and transparent fashion.

Bandar Bukit Raja is taking shape

of the new highway that connects the New Klang Valley Expressway to Setia Alam for access into Bandar Bukit Raja.

What's next

Going forward, Sime UEP will concentrate on its prized commercial tracts, especially those located near Subang Parade. "In the current financial year, there will be a lot of developments here, for instance, Subang Avenue next to Carrefour and we are looking at another serviced apartments project in front of Wisma Consplant. We also have Taman Subang Ria, where we believe we can come up with a development plan that would create a win-win situation for us and the residents," Jauhari enthuses.

It will take another three to five years to complete Putra Heights and Ara Damansara.

In Ara Damansara, most of the undeveloped portions fall under the commercial zone, but there are plans to convert a few parcels for residential use due to overwhelming demand. The conversion process, however, will take some time.

Sime UEP's portfolio includes the prized 72-acre tract of the Kuala Lumpur Golf and Country Club. There is also another 5,000-acre tract along Jalan Acob, close to Bandar Bukit Raja. Currently still a plantation, it has been identified for development in the long term.

Apart from embarking on township developments, Sime UEP is looking at smaller tracts in strategic locations, as developer or as project manager.

Jauhari also talks about plans to go abroad. "We don't want to be in a situation where we are subjected to just one economy. We are looking for other investments which can help us when the local economy or property market is down. And we are looking at opportunities in areas where Sime Darby already has a presence. These include Singapore, Indonesia, Vietnam, China and Australia," he says, adding that he is unable to divulge concrete plans at this time as "they are at different stages of negotiations". E

Sime UEP Properties Bhd

FINANCIAL YEAR-END JUNE 30 (RM MIL)

ITEM/YEAR	2005	2004	2003	2002	2001
Revenue	488.6	441.6	469.3	345	282.1
Pre-tax profit	154.5	168.6	184.9	140.8	112.7
Paid-up capital	404.5	404.5	404.5	404.5	404.5
Shareholders' funds	1,253.2	1,195.0	1,126.6	1,052.4	981.3
Profit attributable to shareholders	119.3	129.6	135.4	132.3	80.6
Dividend	21 sen	21 sen	21 sen	21 sen	21 sen

ONGOING LAUNCHES

PRODUCT NAME (DEVELOPMENT)	TYPE	NO OF UNITS	GDV (RM MIL)	LAUNCH DATE
Venetia (Bdr Bukit Raja)	1½-ST	100	17.026	Aug 2005
Andira (Bdr Bukit Raja)	SST	108	16.518	Aug 2005
Natrina (Tmn Perindustrian USJ)	DST	142	31.120	Aug 2005
D'Passion (Putra Heights)	DST	165	60.703	Aug 2005
Patrina (Tmn Perindustrian USJ)	DST	96	20.569	Nov 2005
Xatrina (Tmn Perindustrian USJ)	DST	104	23.787	Jan 2006
Violet (Bdr Bukit Raja)	DST	64	14.992	Feb 2006
Cemerlang (Tmn Perindustrian USJ)	SO	30	12.323	March 2006
D'Exquisite (Putra Heights)	DST	76	31.610	March 2006
Gemilang (Tmn Pinggiran USJ)	SO	23	11.461	April 2006
Jasmine (Putra Heights)	DST	69	23.756	May 2006
D'Magnificent (Putra Heights)	DST	38	21.128	May 2006
Lavender (Tmn Pinggiran USJ)	DST	152	35.961	May 2006
Lotus (Bandar Bukit Raja)	DST	80	18.147	June 2006
Jasmine II (Putra Heights)	DST	65	21.166	June 2006
Lily (Putra Heights)	DST	88	36.208	June 2006
D'Exquisite II (Putra Heights)	DST	76	31.610	July 2006

IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM MIL)	EXPECTED LAUNCH
Putra Heights	DST	65	28.020	July 2006
Bandar Bukit Raja	1½ ST	132	23.388	July 2006
Bandar Bukit Raja	DST	98	28.090	Aug 2006
Pinggiran USJ	DST	247	59.422	Aug 2006
Bandar Bukit Raja	DST	119	30.556	Aug 2006
Putra Heights	DST	87	35.670	Sept 2006
Bandar Bukit Raja	DST	98	22.431	Sept 2006

DST – 2-storey Terrace 1½-ST – 1½-storey Terrace SO – Shop Office GDV – Gross Development Value

THEEDGE MALAYSIA Top Property Developers Awards 2006

Hard work pays off for Sunrise

BY DIANA CHIN

MOHD IZWAN MOHD NAZAM/THE EDGE

Yam: Winning is not easy; it's a lot of hard work

"We are only as good as the people we have," is the sentiment expressed by Datuk Michael Yam, managing director of Sunrise Bhd, when he speaks about the company's four pillars of strength which have led it to come out tops again in the qualitative attributes subcategory of *The Edge* Top Property Developers Awards 2006. Overall, the company has also moved up from 10th to seventh position.

This is the fourth consecutive year that Sunrise has been No 1 for its qualitative attributes and *City & Country* gets a glimpse of the reason.

Instead of the usual interview in the boardroom at Wisma Sunrise in Plaza Mont'Kiara, Yam took *City & Country* on a short tour of one of the developer's newer developments — Mont'Kiara Aman, which was completed last December. Yam points out the CCTV cameras along the public roads leading to Sunrise properties in Mont'Kiara. There are 40 sets that provide 24-hour real-time surveillance and monitoring of the public roads and adjacent vacant lots. "They are not cheap, but this is part of our commitment to our customers," he says. The system was set up at a cost of RM3 million and is hooked up to a security control centre at Plaza Mont'Kiara.

Yam also draws attention to the customer care and concierge hotline which operates 16 hours daily. It provides residents with information on services as well as being a referral point for their requests. Hotel and holiday packages reservations, enquiries on Sunrise Mont'Kiara serviced apartments, car rental, chauffeur services and general information directory are just some of the services provided for residents.

Just before the turn into Mont'Kiara Aman, we pass Mont'Kiara Damai, which was awarded Best Residential Development 2005 by Fiabci (International Real Estate Federation) Malaysia. Beautiful landscapes, soothing water features and a secured neighbourhood are among the trademarks that have won Sunrise accolades.

Mont'Kiara Damai is the third Sunrise development to win a Fiabci award. The first was Mont'Kiara Palma in 1997 followed by Mont'Kiara Sophia in 2001. Apart from that, there have been awards for landscape and last year, the company was listed among the 200 Best under US$1 billion turnover public-listed companies in Asia-Pacific by Forbes Asia.

"Winning is not easy. It's a lot of hard work," says Yam. And with hard work come challenges, he notes. Among them is increasing the company's development activities to include shopoffices, office suites and retail lots.

"We now have a wider array of offerings for our potential purchasers and take-up has been encouraging in 2004-2005," shares Yam. In the first quarter of this year, Sunrise chalked up about RM250 million in sales. But selling is just the beginning of the journey.

"Delivering is the entire journey and we have to equip ourselves, particularly in human resources to meet that growth capacity," says Yam.

The challenges

The lack of confidence in the stock market will inadvertently affect the residential market but Yam feels there is still a demand for offices and office suites. "The good news is that we are a multi-product company that does not depend solely on residential development, so I think it's business as usual for Sunrise. The company chalked up a significant increase in group pre-tax profit from RM52.5 million in 2004 to RM150.2 million for the financial year ended June 30 2005.

"With the negative sentiment over fuel and interest rates hikes, I sense that there is a potential slowdown which we have to be aware of. But from the Sunrise perspective, what we have prepared ourselves for is that what we used to sell in six months may now take 12. However, we will get there ultimately," says Yam.

He says the country has been "basically having a good time" with property launches achieving 75% to 85% sales within a six-month time frame. But things may not be as rosy in the months to come. "We must make sure that our cash flow is there for the longer haul and ensure that our products meet market demands."

"Not everything is cyclical. In bad times, one buys a smaller car, not a big one. The same goes for us. People may not be thinking about large apartments but smaller ones, which we offer. In addition, there's definitely a demand for commercial or retail. Fine-tuning what the market wants is important," he adds.

Yam brings up the four pillars of Sunrise's strength again, emphasising the importance of human capital. The continuous challenge, he says, is finding "like-minded employees who share our vision statement". And right at the end of this vision is customer focus, an underlying factor that sets Sunrise apart from many others in the industry.

> The continuous challenge is finding like-minded employees who share our vision statement. And at the end of this vision is customer focus — Yam

People can sometimes be more analytical when it comes to buying cars than houses. "We must compare apple with apple. Our developments are low in density with about 50 to 60 units per acre, with each project standing on at least three to four acres of land. And we also provide the facilities. It's funny that people tend to look at what they're buying within the four walls and not outside."

The products

Irrespective of the market, Yam feels there is still a demand for shopoffices, especially in Plaza Mont'Kiara. "It has a good name and prestigious address and was the first to introduce a broadband community in 2000," he shares. As a result, Plaza Mont'Kiara has some blue-chip tenants with thriving businesses. Some are

CONTINUES ON PAGE 26

Sunrise Bhd

FINANCIAL YEAR-END JUNE 30 (RM MIL)

ITEM/YEAR	2005	2004	2003	2002	2001
Revenue	367.7	259.1	174.3	166.0	102.4
Pre-tax profit	150.2	52.5	42.3	39.8	29.4
Paid-up capital	422.7	263.4	185.1	184.2	181.3
Shareholders' funds	562.2	473.4	354.3	328.9	305.9
Profit attributable to shareholders	88.0	24.3	21.9	19.1	15.1
Dividend	12 sen per share	5.5 sen per share	5.5 sen per share	2.5 sen per share (taxable) & 2.5 sen per share (tax-exempt)	2 sen per share (taxable) & 2 sen per share (tax-exempt)

ONGOING LAUNCHES

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM)	LAUNCH DATE	TAKE-UP (%)
Solaris@Dutamas	OS	1000	1 billion	3Q2005	50
	SR	800			
	RS	400			
Mont'Kiara Meridin	C	230	200 mil	1Q2006	50

IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM MIL)	EXPECTED LAUNCH
10@Mont'Kiara	C	300	550	End 2006

OS – Office Suites SR – Serviced Residences RS – Retail Shops C – Condominium
GDV - Gross Development Value

THE EDGE MALAYSIA Top Property Developers Awards 2006

Q&A

How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?

It has been an exciting year for Sunrise. Growing from strength to strength, we have continued to be recognised for our best-in-class practices in the property industry. Some of the accolades granted to us include the No 1 in Quality Attributes in *The Edge* Top Property Developers Award 2005, Malaysia Property Award 2005 for Best Residential Development for an unprecedented third time by Fiabci and significantly, recognition in the regional context for being listed as one of the 200 Best under-US$1 billion turnover public listed companies in Asia-Pacific by Forbes Asia.

Cruising at a faster and more aggressive pace has definitely triggered greater challenges for Sunrise as we increase our development activities, launch more projects and continue to acquire strategic lands in this area. The aggressive expansion plan was done pragmatically without ignoring the market forces and economic factors; inflation, demand and supply, interest rates, global oil prices and local government policies.

Selling the projects is only the start of the journey, delivery and post-completion service complete the journey and Sunrise endeavours to excel in the whole process. The challenge lies in remaining focused and maintaining our core business proposition while we cruise faster.

Over time, input prices are expected to rise, particularly fuel, raw materials and land cost, and eventually, these increases will have to be reflected in the selling price to the end consumers.

Your take on the prospects of the property market for the second half of this year and 2007.

We have been reaping the fruits despite a relatively cautious market sentiment triggered by uncertainties over a further rise in interest rates, rising inflation, lacklustre stock market and volatile raw material prices.

We offer non-homogenous products which complement rather than compete with our other launches. Take-up rates have been favourable for our launches in 2005 — MK Banyan was 80% sold within a month of its launch in March 2005, and Solaris Dutamas Phase 1 of 6-storey stratified shopoffices were snapped up within weeks of the soft launch in April 2005.

There has been a perceived softness in the residential market, but offices and commercial developments seem to be faring well. We reckon there's a growing need for strategic and good quality commercial development following the recovery period in 2000 from the last economic crisis.

Broadly speaking, property is still a very good tool for "wealth creation" and excellent as a hedge against inflation which has been inevitably creeping up in Malaysia. For the younger generation, home ownership is a good device for forced savings and to date, returns have definitely been better than the stock market.

Going forward, what are your priorities, concerns and business strategies?

Proper cash flow management is crucial. We will capitalise on our strengths in Mont'Kiara and keep developing the right mix of properties, both residential, retail and commercial that cater for the Mont'Kiara population and surrounding neighbourhoods.

Always vigilant of the changing market needs and environment, our strategy is to continue to meet the evolving demands of the market and focus will be on market-based products. Each product is tailored to meet different market segments and needs and the launches are timed to satisfy the current demands of the market.

To assume the position of leading major developer in Mont'Kiara, we continue to harness our premium branding and invest in a series of value-added plans to protect and secure stable and superior yield for our properties while promoting quality living among our residents. Just to name a few: we have completed road upgrading in Jalan Kiara 2 and Lorong Kiara, installed additional street lightings and implemented a 24-hour CCTV surveillance system on the public roads leading to Sunrise properties in Mont'Kiara.

Training and development of human resources will continue to be a major concern as getting the right people with the right mindset is always a challenging task for companies.

What do you see as your company's strength and weaknesses? Your recipe for success?

I have to emphasise four pillars of strength, namely:

- Customer capital
  Satisfying our customers has been a core focus in our pursuit to deliver quality products and services. We conduct annual customer survey to obtain their feedback on various aspects of their stay to improve our services and serve them better. We also have a customer retention programme.
- Organisational capital
  Our quality systems and procedures, ISO accreditations and vision enable our people to innovate, shape lifestyles and stay customer-focused continue to propel the company forward.
- Third-party relationship capital
  Our good relationship with contractors, suppliers and service providers has enabled both parties to enjoy better economies of scale, quality, timely delivery and smoother approvals.
- Human capital
  Sunrise's growing strength is hugely supported by its focus on human development. Its transparent and open-door policy always keep the employees in the loop and thus, encourage greater sense of belonging between employees and the company.

  While we strive to achieve the above, we need to strike a balance between upholding systems and procedures while maintaining speed and efficiency.

Your comments on performance of your products now on the market.

- Solaris Dutamas
  A futuristic RM1 billion-plus mixed-use commercial development comprising shopoffices, designer suites and office suites. Soft-launched a year ago, Phase 1 was well received by the market and phase 2 is now open for sale. We have recorded 50% sales to date.
- Mont'Kiara Meridin
  A 228-unit condominium housed in a tower block with 12 cabana units on the recreation deck. Soft-launched in the first quarter of 2006, this project has chalked up 50% sales to date.

  Though there is perceived softness in the residential market, it does not apply to the overall sector as some niche segments still maintain their appeal depending on the types of properties, location, product design and reputation of the developers.

Comments on emerging as one of *The Edge* Top Property Developers 2006.

We are honoured to be one of the top developers. Making it to the list and maintaining the honour is a further recognition of our tireless commitment to raise the standards of the local property industry.

Your wish list.

- A cap to interest rates.
- Some sense of stability to the volatile fuel and commodity prices to provide greater certainty and more predictable development costs.
- A government that will continue to address the issues of the industry and take a balanced stance by hearing out the concerns of both consumers and industry players.
- Legislation to go hand-in-hand with enforcement. Certain legislation would raise the cost for those who comply but enforcement against non-compliance is more cost effective and helps address the perennial problem of delinquent developers.
- Promotion of foreign investment in local property industry and a more integrated approach to the Malaysia My Second Home programme.
- Speed of FIC approvals has to be complemented but not matched by state consent to facilitate foreign ownership of properties in Malaysia.

Mont'Kiara Damai won Fiabci's Best Residential Development 2005 award

FROM PAGE 24

looking to expand and since there is no more space to do so in Plaza Mont'Kiara, they have looked towards Solaris Mont'Kiara, at the northern corridor of Sunrise Mont'Kiara.

"We're sold out except for the bumiputera lots," says Yam of Solaris Mont'Kiara. When Phase 1, comprising 79 shop units, was launched in mid-2004, it was sold out in two weeks. Prices started at RM2.3 million for a 3-storey unit. Yam attributes this to a dearth in the shopoffice sector and Sunrise understanding the underlying demand for such products. Also, it happens to have just the right catchment.

The success of Solaris Mont'Kiara spurred Sunrise to launch 36 lots of 6-storey stratified shop offices last year called Solaris Dutamas closer to the Jalan Duta area. Because the units were tagged at RM3.5 million onwards, Yam says it took about two months to sell. With the Matrade building finally open and the High Court opening next year in the area, businesses and legal firms around this hub have shown interest in purchasing.

To ensure the 17.3 acres of Solaris Dutamas will be sustainable, Sunrise is introducing a residential component. There will be 900 units of commercial titled apartments. The developer has deliberately kept the built-up of the units small because of its commercial title that results in higher assessment rates. The largest unit is about 1,200 sq ft so that cost is contained and managed, explains Yam. Launched eight months ago, the first tower (Park Tower) is 70% sold. The second (Boulevard Tower), launched two months ago has a 50% take up. "We haven't done too badly," says Yam.

"Generally the market may be perceived soft but one has to look at the type, price affordability and location of property. We are in a prime location and very accessible," he adds.

As for its landbank, Yam says: "Currently, we have about 55 acres under development. Except for a couple of projects at finishing stage, that is, Kiara Designer Suites and Phase 1 of Solaris Mont'Kiara, the others are at the beginning of their life cycle. It's like a relay race. We still have a good three years to run."

Sunrise has about another 80 acres of undeveloped greenfield. "I expect it will take us another eight years after we finish our 55 acres," he adds. These are all around the Mont'Kiara area.

Yam sees Mont'Kiara as the driver of Sunrise's income. "We've been in the business for 38 years and entrenched in Mont'Kiara for the last 15. There's still a long way to go." E

MK Land: Creating value with variety

BY FINTAN NG

MK Land Holdings Bhd, the developer of the 750-acre Damansara Perdana township located five minutes from Mutiara Damansara, Bandar Utama and Taman Tun Dr Ismail, is again among *The Edge* Top Property Developers 2006.

MK Land is also the developer of Bukit Merah Laketown in Perak, Damansara Damai in Sungai Buloh, Selangor, and Taman Bunga Raya in Bukit Beruntung, Selangor. In Bukit Merah Laketown, it has 1,500 rooms available for accommodation from four hotels, making it one of the largest hotel operators in Perak. The International Real Estate Federation or Fiabci Malaysia accorded Bukit Merah Laketown the award of Best Resort Development 2005.

When *City & Country* met up with Tan Sri Mustapha Kamal Abu Bakar and Datuk P Kasi, respectively executive chairman and executive director of MK Land, the sense of achievement was clear on their faces.

Mustapha says the honour (of being ranked among the 10 top property developers) is a reflection of MK Land's commitment to timely completion of its property projects, innovative ideas and quality. "In particular, Kasi has spent a lot of time planning and thinking about innovative ideas to push the company to greater heights," Mustapha Kamal says of his partner.

"For example, we've just completed Armanee Terrace II (in Damansara Perdana) where we take the concept and design of a terrace house and build it upwards. So instead of building it horizontally, we're building it vertically," Mustapha Kamal says.

"It has been well received," Kasi says, adding that the idea of having condo units designed like a 2-storey terraced house with a big terrace (or balcony) in front was to cater to demand for terraced houses.

Armanee Terrace I and Armanee Terrace II comprise 522 units and 518 units respectively and have a price tag from RM265 psf for Armanee Terrace 1 and from RM274 to RM429 psf for Armanee Terrace II. Armanee Terrace I is sold out while sales for Armanee Terrace II are ongoing.

In the beginning, nobody knew of Damansara Perdana. The developer then built the condos and provided the access (the RM24 million flyover linking Damansara Perdana to the Sprint highway), Mustapha Kamal says.

"We're one of the largest landowners near KL and our focus will still be in Damansara Perdana," he says. There are some 500 acres left in the township while in neighbouring Damansara Damai, there are only 50 acres left undeveloped, he adds.

> We're one of the largest landowners near KL and our focus will still be in Damansara Perdana — Mustapha Kamal

Lest anyone think MK Land is only about Damansara Perdana, Mustapha and Kasi quickly put everything into perspective. "Our development in Cyberia, Cyberjaya, is at the tail-end. We may consider continuing our presence in the area if there are opportunities," Kasi says.

In Perak, besides the 1,600-acre Bukit Merah Laketown, of which only 219 acres have been developed, the group has two other developments — Taman Bercham Raya and UK Raya, where only 30% out of 240 acres have been developed.

Supermarket developer

"We would like to establish MK Land as a supermarket developer, meaning we would like to develop all property types so that in times of a down cycle we would be able to rely on other products to sell," Mustapha Kamal says.

"The market is not always hot, so our strategy is to create value by slowly developing various types of properties in what's left of the township [Damansara Perdana]," Kasi adds.

An example of the value creation part is MK Land's move into landed properties. "Going forward, we're going to develop landed properties, something which we have shied away from for a long time in the Klang Valley, but which we'll

Damansara Perdana: Landed properties will be launched there soon

Q&A

How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?

It has been challenging with minimal incentives for the property sector. Property developers are faced with a softer market amidst challenges in dealing with the rising cost of construction and increase in interest rates. While demand for properties has not dwindled, purchasers are more discerning given the choices available in the market. Branding, design and location continue to be the leading criteria used by purchasers in their investment selection.

Financial institutions have also become more cautious in their lending, despite the liquidity available in the market.

On the positive side, our Bukit Merah Laketown Resort was accorded the Best Resort Development 2005 by the International Real Estate Federation (Fiabci). We have completed and handed over the first block of Armanee Terrace Condominium, a duplex condominium with private garden (in Damansara Perdana) that offers a resort ambience. The second block of Armanee Terrace Condo with enhanced features such as double volume living areas and more spacious layout has been launched following the success of the first block.

What is your take on the prospects of the property market for the second half of this year and 2007?

Barring any unforeseen circumstances, we are positive the demand for property can be maintained for the second half of this year with prospects for improvement next year. The Ninth Malaysia Plan provides an indication of the demand for properties going forward.

The demographics of the country continue to support the demand for properties which are also preferred investment targets due to historically proven stable investment returns. The stable economic growth forecast by the government will provide a platform for a more positive outlook for the country and remove some uncertainties that have slowed down consumer spending.

What are your priorities, concerns and business strategies?

The rising costs of construction and higher cost of financing are some of the main concerns faced by property developers. The challenge is to manage these increases and find ways to pass on some of these increases to the purchasers via improved design and enhancement of features.

We see regaining sales momentum and further improving our quality of delivery as

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MOHD IZWAN MOHD NAZAM/THE EDGE

Mustapha Kamal (R) and Kasi: Regaining sales momentum and further improving quality of delivery are main priorities

be going into soon," Mustapha Kamal says.

"We're currently doing up the semidee showroom, and we expect to launch it sometime this quarter," Kasi says, adding that this is part of the strategy to diversify out of medium and medium-high cost residential strata and commercial properties to landed properties in Damansara Perdana.

Mustapha Kamal says the market has been waiting in anticipation for the landed properties — the first time these are being introduced in Damansara Perdana. "My friends have asked about it but we wanted to be very sure of the product before we launch it because we want to give only the best to the purchasers," he says.

There was a slight delay in introducing the landed properties as the developer wanted to get feedback from the market. "Our concern is not only quality but also innovative ideas," Kasi explains.

And while Damansara Perdana will continue to be the developer's focus, it is by no means the only development in the Klang Valley that the company will be undertaking in the future.

In Taman Setiawangsa off Jalan Ampang, MK Land bought a 98-acre parcel more than a year ago where it will be developing bungalows and condominiums. "Originally, the parcel was slated for bungalow development but we've changed it to a mixture of residential properties," Kasi says.

Mustapha Kamal and Kasi say that, of late, the strategy for the company is to develop smaller pieces of about five acres in size where the turnaround time is faster. They're also not ruling out joint ventures because of exposure and experience.

"We're in no hurry to look for big pieces of land. There are always opportunities that will come our way but we're never hasty," they add. E

MK Land Holdings Bhd

FINANCIAL YEAR-END JUNE 30 (RM MIL)

ITEM/YEAR	1/7/04 TO 30/6/05	1/7/03# TO 30/6/04	1/7/02 TO 30/6/03	1/1/01@ TO 30/6/02	1/2/00^ TO 31/12/00
Revenue	904.99	925.66	848.24	718.19	539.30
Pre-tax profit	164.50	221.33	252.66	177.18	93.56
Paid-up capital	1,206.9	1,204.4	1,174.3	1,174.3	1,174.3
Shareholders' funds	1,076.5	978.04	845.48	461.74	291.53
Profit attributable to shareholders	120.20	161.57	177.61	121.54	54.44
Dividend rate (gross)(%) - Interim	2	2	2	0	0
- Final	2	3	2	0	0

Notes: # Restated due to adopting of FRS 201 @ Annualised to 12 months ^ Restated results for 11 months

ONGOING LAUNCHES

PROJECT/LOCATION	TYPE	NO OF UNITS	TOTAL GDV LAUNCHED (RM MIL)	SALES TO DATE (RM MIL)	TAKE-UP (%)
Damansara Perdana	IT	8,718	2,398	2,036	85
Damansara Damai	IT	15,169	1,517	1,238	82
Taman Bunga Raya	IT	11,565	547	519	95
Taman Klebang Putra and Ukay Raya, Ipoh City	AH	2,929	228	204	90
Bukit Merah Laketown	WT	2,795	454	407	90
Bandar Lembah Beriah	IT	1,019	65	42	65
Taiping Golf & Country Club	R	343	47	42	90
Cyberia	R	1,985	522	450	86
Langkawi Lagoon	SR	286	114	68	59

IN THE PIPELINE

PROJECT/LOCATION	TYPE	EXPECTED LAUNCH	NO OF UNITS	GDV (RM MIL)
Damansara Perdana	SD - Phase 1	1H2007	54	94
	- Phase 2	2H2007	36	65
Armanee Terrace	C	1H2007	173	172
Taman Bunga Raya	LC	1H2007	192	7
	MC	1H2007	226	17
		2H2007	130	9
Taman Klebang Putra	SST	1H2007	163	14
	DST	1H2007	76	11
	SD	2H2007	36	6
Taiping Golf & Country Club	TH	1H2007	68	12
Cyberia Crescent 3	C	2H2007	88	28

IT – Integrated Township
AH – Affordable Housing
SST – 1-Storey Terrace
GDV - Gross Development Value
WT – Waterfront Township
R – Residential
DST – 2-Storey Terrace
SR – Seafront Resort
SD – Semi-Detached
TH – Townhouse
LC – Low-Cost Apartments
MC – Medium-Cost Apartments
C – Condominium

main priorities in the immediate term. Strategically, we are reorganising our resources, fine-tuning our systems and processes towards meeting these objectives. More emphasis is being placed on planning and development of new products, to drive future growth.

What do you see as your company's strengths and weaknesses? Your recipe for success?

MK Land's main strengths are:

- Core competencies in all market segments.

We see ourselves as a "property supermarket", with experience, strength and proven success in the entire spectrum of the market, from low-cost products to the affordable range and the higher-end premium category. Our mainstay is in residential development, but we have also successfully launched and developed commercial products such as the Perdana Business Centre and The Place (both in Damansara Perdana). We are also carving a strong reputation as a developer of resort properties, such as Bukit Merah Laketown, one of Perak's top tourist destinations, and Langkawi Lagoon. The group has proven itself in developing better products, with good design. This, together with efficient project management, has enabled the group to secure good sales and profit margins.

- Lower land entry cost

We have been consistently able to acquire land at a comparatively lower cost, thanks to an ability to identify opportunities early. MK Land is highly disciplined in adhering to its policy of not buying land at very high prices, and the group is not hasty in its land acquisition decision-making.

- Ability to secure land consistently

The key to MK Land's ability to buy land at a lower cost is the group's strength in securing privatisation projects from state governments — in win-win situations that benefit the state, MK Land and the public. MK Land is currently undertaking four large privatisation projects — Damansara Damai, Damansara Perdana, Bukit Merah Laketown and Bandar Lembah Beriah.

- Sizeable quality landbank

Compared with other property developers, MK Land's landbank is among the largest in the country — about 6,800 acres, all of which have been converted and approved for development and of which about 5,300 acres are undeveloped. More importantly is the quality of the landbank. Some 1,060 acres are strategically located in Petaling Jaya and these include 540 acres in the group's flagship development of Damansara Perdana and Damansara Damai.

- Emphasis on product design and development

This is a core competency that gives MK Land a competitive advantage over many other property developers and it is considered critical to MK Land's success. Over the years, the group has nurtured a competent project management and product development team comprising many professionals and designers. We have also built up considerable marketing expertise. Our unique competitive edge is reflected in, among others, our highly innovative, quality and saleable products such as the condos in Damansara Perdana and the unique sea villas in Langkawi Lagoon. This is in addition to the well-landscaped and open spaces of our projects.

MK Land is not in the landed terraced house market in the Klang Valley and this can be viewed as an area of weakness in meeting the demands and needs of the purchasers.

Comments on performance of your products in the market.

MK Land has, over the years, strived to deliver highly innovative and well-designed products. Our Armanee duplexes and the modern contemporary Metropolitan Square have met with good responses from purchasers during their initial launches. While sales momentum has slowed in recent months, the latest focus is on our new semi-detached houses at Damansara Perdana that will be launched soon. This is the first landed property development at Damansara Perdana.

Comments on being one of *The Edge* Top Property Developers 2006.

Property development is a highly competitive sector with new players emerging in each cycle of economic growth. It is also a stringently regulated industry with new standards and requirements introduced from time to time.

It requires planning, strategies and quality in implementation to remain competitive. To be nominated as one of *The Edge* Top Property Developers 2006 is an honour for MK Land and it is an affirmation of the team efforts of MK Land's management and staff.

Your wish list

A more vibrant economy with good prospects for sustained expansion in consumer spending and improving business environment driven by steady foreign direct investment.

More specifically, low interest environment, lower Real Property Gains Tax rates or exemption for a specific period, stamp duty waiver for a specific period to encourage sales and reduction in price volatility and sustainable building material prices.

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PATRICK GOH/THE EDGE

Jagan: The move abroad is in line with movements in the local and international property cycles

BRDB: A trusted brand

BY JENNIFER GOMEZ

Bandar Raya Developments Bhd (BRDB) chief executive officer Datuk Jagan Sabapathy typifies all that the company is known for; he is articulate and elegant, an image befitting the firm's reputation for quality and standards.

The year 2005 was a long and challenging one for BRDB, with the group suffering a pre-tax loss of RM64.138 million compared with a pre-tax profit of RM71.379 million in 2004. This was despite higher revenue of RM429.63 million achieved, against RM425.23 million in 2004. Besides property investment and development, BRDB is also active in manufacturing through its holding in Mieco Chipboard Bhd.

"It was challenging; we missed some of our launches because there were some delays in approvals. Our One Menerung project in Bangsar was due to be launched last year but was delayed. Permas Jaya in Johor which used to contribute significantly has declined somewhat due to the slower market," says Jagan.

> Our recipe for success is a clear, believable promise of building communities — Jagan

Undaunted by the poor showing, the company has put into place long-term plans and strategies to turn in a stronger showing in the future. "We have the development (business) which is cyclical, and within that cycle we need to manage the domestic and international cycle. That explains the company's venture abroad. On the domestic front, BRDB will try to manage market risks by going into joint ventures," he adds.

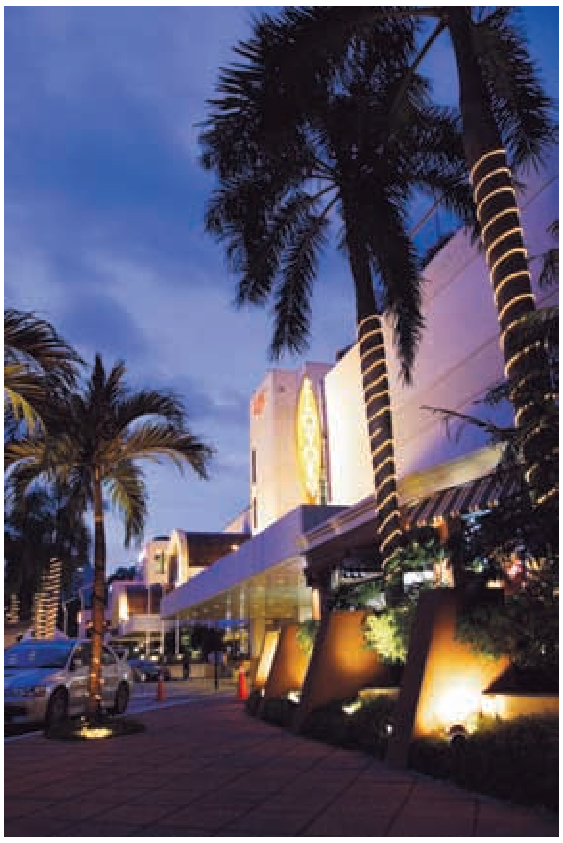
At the same time, BRDB is building its asset base for good rental yields to help counter volatility in the development industry. Come 2009, the company would own close to one million sq ft of Grade A commercial space. "We have office and retail space in CapSquare. The BSC expansion will add more space, and there is commercial space in Troika and some retail space in Johor. This gives us a strong rental base and some level of stability," says Jagan.Keeping the company busy in the next few years will be the expansion of one of BRDB's prized assets — Bangsar Shopping Centre (BSC) — and work on a new condo development in Bangsar dubbed One Menerung and a 393-acre mixed development in Pakistan.

BSC is a landmark in the affluent Bangsar locale. Its expansion would involve a two-acre site at the rear of the building and work is expected to start sometime this quarter. When completed at the end of 2008, BSC would have another 250,000 sq ft of space for office use and retail.

For those desiring a Bangsar address, and who would not shudder at the RM650 to RM700psf price tag, there is BRDB's latest condominium development in the area. The units are large, between 3,000 and 7,000 sq ft, and will be housed in a mix of low and high-rise blocks on a roughly nine-acre tract located just behind BSC. The first phase of this 229-unit condo project has been soft-launched and according to Jagan, response has been very good. The second phase is due to be launched this quarter. The gross development value of the project is about RM600 million.

Before 2006 is over, BRDB would have put on the market its mixed development in Lahore, Pakistan. It has been a long wait, Jagan says, for the required approvals.

Jagan is optimistic about the Indian sub-continent. "We've had quite a lot of people from India asking us to look at things over there. The type of development would depend on the site and how much exposure we are willing to take on in a particular location."



Popular Bangsar Shopping Centre is set for expansion

Elsewhere, work on the Troika — a Foster and Partners design project in KL city centre — and CapSquare located in midtown KL is progressing. At press time, Troika is about 55% sold with the peg at nearly RM1,000 psf. Ongoing is BRDB's Permas Jaya township in Johor which was launched in 1981. E

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Artist's impression of One Menerung, BRDB's latest condo project in Bangsar

Bandar Raya Developments Bhd

FINANCIAL YEAR-END DEC 31 (RM MIL)

ITEM/YEAR	2005	2004	2003	2002	2001
Revenue	429.6	425.2	338.6	351.5	264.0
Pre-tax profit /(loss)	(64.1)	71.4	61.9	59.4	3.1
Paid-up capital	476.4	476.4	476.4	476.4	476.4
Shareholders' funds	1,152.8	1,230.3	1,195.9	1,158.7	1,078.7
Profit / (loss) attributable to shareholders	(67.2)	37.3	42.4	82.8	(22.3)
Dividend rate (%)	1.0	3.0	2.0	1.5	1.0

ONGOING LAUNCHES AND IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM MIL)	LAUNCH DATE	TAKE-UP (%)
Property development					
The Troika	C	229	600	3Q2005	55
CapSquare Residences	C	180	170	4Q2004	80
One Menerung	C	229	600	Phase 1, 2Q2006 Phase 2, 3Q2006	
Lahore, Pakistan	Mixed	393 acres	1,700	4Q2006	
Property investment					
Troika	R & O	60,000 sq ft	For lease only	Completion 3Q2009	
CapSquare Retail Street+Centre	RS	237,000 sq ft	For lease only	Completion 2Q2007	
CapSquare Signature Offices	OS	150,000 sq ft	For lease only	Completion 4Q2006	
BSC Extension	R & O	250,000 sq ft	For lease only	Commence 3Q2006 Completion 4Q2008	

C – Condominium R & O – Retail & Office Space RS – Retail Shops OS – Office Space GDV - Gross Development Value

Q&A

How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?
The year 2005 was one of clarity; it became increasingly clear to us that while we had a strong base in high-end property development, we needed to streamline our business and focus on more concrete plans to deal with the fluctuations of the property market.

There were also some gaps in our delivery system that needed to be improved, especially the speed at which we bring properties to market, cost-control measures and maximisation of our resources. Plans are being put in place to close these gaps and improve our operating efficiency.

It is time for us to focus on what we do well — building high quality homes and neighbourhoods of enduring value. And we can only do this successfully if we keep raising the bar.

Last year's achievements have been many. The most satisfying was seeing how many of our employees have embraced the values we identified when we did our rebranding in 2004 — namely, to be proactive, engaging and responsive. Many have come forward with effective solutions to address operational issues, and that has been heartening.

We have also put in place a much cleaner structure, creating three distinct operating units — property development, property investment and manufacturing. This helped us put our best talent in key positions and overall, create a much tighter operation.

What is your take on the prospects of the property market for the second half of this year and 2007?
BRDB believes there will always be a market for a good quality product from a brand with a strong promise. The challenge is really in delivering this promise consistently. If you can do this, there will always be a market amongst astute buyers who recognise an opportunity when they see one.

However, the property development market experiences fluctuations across the various segments. When these fluctuations occur, demand will be driven by three main criteria: getting your timing right, having a premium location and having a premium product.

Discerning buyers at the premium end will buy in addresses that they know and trust, and that have a good track record — Bangsar, Damansara, Taman Duta, Hartamas, Ampang/KLCC. And at these addresses, they will look for premium products.

We are fortunate that this is our niche. We aim to deliver great products in locations that offer good opportunities for capital appreciation, and we have been able to do so consistently over the years. Discerning buyers know this.

There is also a growing international market, not only from the traditional markets of Singapore, Brunei, Hong Kong and Indonesia, but more from new markets like India, China, the UK and Middle East. These are just starting to gain momentum, and Malaysia must do much more to stay on the radar.

The market for commercial properties, we believe, will remain steady, especially demand for Grade A commercial space in the heart of the city.

What are your priorities, concerns and business strategies?
A key priority of ours is to create more opportunities for recurring income, and build a strong asset base. This will help us manage the peaks and troughs of the property development market, and create a more solid earnings base for our shareholders.

We will do this in two ways — improving the quality of our assets through continuous reinvestment and redevelopment, and selectively adding quality assets to our base. We are also on the look out for good parcels of land in the Klang Valley that will provide us a base for the future. Our geographical diversification plan commenced with the project in Lahore. With planning permission cleared, we expect to launch Phase 1 in 4Q2006. This will provide us with a base to look at other opportunities there and in India.

What do you see as your company's strengths and weaknesses? Your recipe for success?
Our strengths are our strong brand, our passionate and experienced employees and our loyal pool of customers.

The anchor of all our efforts; the philosophy of reinvesting in the communities we build, to create enduring value. The time and effort we spent in 2005 to streamline our operations and develop a clear plan based on profit and performance has also helped, giving us a clear focus on how to move forward.

Our recipe for success is a clear, believable promise of building communities. We have demonstrated how we do this, and do it well, in Bangsar and Permas Jaya, and both buyers and investors trust us to deliver this in the new communities we are building in CapSquare and Troika.

Comments on performance of your products on the market
Troika captured the market's imagination with its stunning design and the compelling Norman Foster brand name. And it put Malaysia on the global property radar by attracting international buyers. Almost 55% of the Troika, scheduled for completion in 2009, has been sold, and half of the buyers are foreigners.

CapSquare did two good things: it kick-started the revitalisation of a part of KL that was relatively left behind in terms of commercial and residential development, and created a new retail concept for Malaysia — an urban street.

The opening up of new retail space in BSC gave us new income opportunities and the addition of lifestyle F&B brands like Alexis and La Bodega helped us make inroads into the lucrative 20 and 30-something market, which will complement our more family-oriented customer profile at the centre.

One Menerung in Bangsar gives buyers another opportunity to buy into the Bangsar promise, and demonstrates one of our greatest strengths — a pool of loyal customers who make up 30% of our buyers in every project.

We must take a long-term view of Permas Jaya. The market down south has been soft, but the government's emphasis on the development of the Southern Corridor in the 9MP is a positive development, and Permas Jaya will benefit from this.

Our development in Pakistan has been challenging, but that is to be expected given that it is our maiden venture overseas. But we have managed to overcome the obstacles and the large-scale township we are building offers great potential.

Comments on being one of *The Edge* Top Property Developers 2006
It gives the company great pride and for BRDB employees, reaffirms that what they do each day doesn't go unnoticed and unappreciated.

In today's highly competitive marketplace, we're keenly aware that we are in the company of some sterling brands in a respected publication, and we are thankful to *The Edge* for the great honour they do us.

Your wish list
- That the 9MP kicks off to a strong, early start, as the benefits of its early and efficient activation will be felt across the economy.
- That interest rates level off.
- That the regulatory side of property investment becomes easier, with fewer impediments.

KENNY YAP/THE EDGE

Yeoh: Malaysian market ready for innovation; Right: Artist's impression of Maple, which is due for handover soon

YTL Land: An innovative builder

BY JENNIFER GOMEZ

This is the first time YTL Land & Development Bhd has made it to *The Edge* Top Property Developers list since the award was introduced in 2003. Needless to say, its executive director Datuk Yeoh Seok Kian is pleased.

"We are humbled to be given this honour. It's just been five years since we came into being, so it is an accolade for the whole team," he says.

In 1999, YTL Corp Bhd took over the helm of Taiping Consolidated. Following a corporate restructuring exercise which was completed in April 2001, the company became known as YTL Land & Development Bhd. YTL Land's strength comes from its 50 years of experience in the construction business.

"We have made enough mistakes to know what to do and what not to do. And we always try to push the envelope; we are not into cookie-cutter type of developments," Yeoh says.

YTL Land's inclination to innovate, meanwhile, has garnered the developer a promising reputation in the marketplace. Take Lake Edge in Puchong. Set within a lake environment and more importantly, offering unconventional architectural designs that appeal to modern house buyers, the project is one of YTL Land's developments that attest to innovation. It had the town talking when it launched 175 units of courtyard houses pegged at prices from RM380,000 in April 2004; the units were sold out within three days.

Says Yeoh: "We put in a lot of innovation; we think the Malaysian market is ready for this kind of thing. A lot of our young people have been overseas and they see the products there and want the same kind of offerings here."

> We have made enough mistakes to know what to do and what not to do. And we always try to push the envelope; we are not into cookie-cutter type of developments — Yeoh

He declines to talk about himself in relation to the company he has steered since its inception, insisting that it's a team effort.

Recalling the company's beginnings, he says: "We started off in Bercham, Ipoh. It was our first project in the midst of the 1980s recession. It used to be a new town village, and we transformed the area. The same with Pantai Hillpark — it used to be a squatter area. Lake Edge was a disused mining pond, and Sentul was not the best of areas previously. We like to transform such areas — give us the worst sites, we are quite used to it."

YTL Land is synonymous with the urban revitalisation of Sentul where over 294 acres of freehold land has been effectively split into Sentul West and Sentul East by the existing Sentul KTM Komuter station and its tracks. The development is planned to comprise residential units (about 7,000 of them), commercial offices and retail outlets, and is expected to be ready in the next seven to eight years.

Sentul East caters for the younger homeowner as the units there are relatively smaller and the overall development more vibrant. Sentul West, on the other hand, caters for larger, more mature families who require larger homes and a leisurely lifestyle. Here, the key features that have been attracting purchasers are a 35-acre park, the Kuala Lumpur Performing Arts Centre situated at the fringe of the park and a koi centre.

Having handed over Tamarind, a 498-unit condominium development in Sentul East to buyers a year ago, its ongoing launch, Saffron, is doing well. Since a soft launch in March 2006, 70% of the 467 units have been taken up, making it the best received residential project in Sentul thus far.

The prices for these units start at RM239,000. Yeoh says they have had their fair share of repeat buyers. "Most of our buyers this time are those who bought in our first phase, Tamarind; others have brought their friends."

Yeoh attempts to correct any misconception that schedules for Sentul East have been deferred. "Technically it's ongoing. Sometimes, the situation is beyond our control when approvals take longer that expected. A lot also depends on market conditions," he explains.

The first phase of Lake Fields, its other development in the Sungei Besi area, is due for completion. Lake Fields was launched in March 2004 with its first product Meadows. The uniqueness of Meadows lies in the generous space accorded to the layout of the 3-storey homes that come with a column-free interior while the living room is 20ft in height. Within two months of its launch, all 514 units were sold. It is due for completion

Q&A

How would you sum up the past year — the challenges faced; lessons learnt and achievements of the company?
Each year brings trials and challenges as well as achievements. Having turned 50 last year, we've given a lot of thought to what we've achieved over the years, and I must say it's been a wonderful journey so far, and I look forward to seeing it continue into the future.

Your take on the prospects of the property market for the second half of 2006 and 2007.
The global economic scenario at the end of last year into the first half of this year has not been very rosy as oil prices have continued to soar, and the steroid-pumped economies of the West have slowed down substantially. Property is generally one of the first industries to feel this pinch of inflation, and it has certainly made itself felt in the past 12 months as developers nationwide have been constantly reinventing the wheel to create more and more real estate possibilities to keep the industry afloat. What has since resulted is a slew of very intelligent and very creative mixed developments that bring together commercial, retail and residential properties catering for almost every kind of niche market available.

I expect this trend to change, as developers become increasingly selective about the products and services they launch. Looking forward, I think the emphasis will be on answering the needs of specific consumer targets.

Going forward, what are your priorities, concerns and business strategies?
With the economy as it is, the property market at the moment favours buyers, so we're focused on riding this trend successfully by providing homes that live up to the most stringent quality standards, as well as the most modern living standards. This in turn builds a strong relationship with customers, and, in turn, will ensure continuity and provide for a long-term partnership with them.

As far as business strategies are concerned, close inspection of our residential properties has shown us that as communities mature and new ones crop up, commercial and retail facilities to support them are usually inadequate. Commercial development is going to be a focus for us in the future, as we launch commercial complexes to support our developments in Sentul, Lake Edge and Pantai Hillpark.

In addition, given Malaysia's business climate for foreign investment, we have seen substantial opportunities for the local property sector in foreign markets. The relaxation of legislation on purchase by foreigners has led to an irresistible "Malaysia My Second Home" programme, making it easier for local developers to market their products overseas. Previously labelled as a white elephant for Malaysian property and foreign policies, the programme has evolved into one that we are all proud of. Its new management under the Ministry of Tourism indicates a keen interest by the government to develop this programme further, and the impact on YTL will be quite tremendous as we have been successfully courting property markets in Hong Kong, Singapore and Indonesia, and look forward to expanding our reach to the rest of Asia this year.

What do you see as your company's strengths and weaknesses? Your recipe for success?
We celebrated our company's golden anniversary last year, marking half a century of our operations in Malaysia. And the core of the company — construction — has been the key to our success as a property developer. We've had the luxury of being creative with our designs, yet had the expertise to ensure they are safely built, at an affordable and manageable cost. And all the savings we've been able to make with our knowledge in construction has been passed on to our buyers.

But apart from that, we have a lot going for us — we have good people, brilliant products, and the trust we have instilled in our consumers as a developer. We are fortunate to have been in the right place at the right time, as the communities we have developed have come into their own, becoming the desirable addresses we envisioned.

Our recipe for success is simple: we develop homes from a homeowner's point of view, taking into account what people really look for in a home. And rather than build houses for people to reside in, we have developed communities for people to live in. Instead of just selling a house, we offer our buyers a lifestyle; a sanctuary.

Comments on the performance of your products currently on the market.
This year promises to be an important one as we see additional elements in our Sentul masterplan come to life. Owners of The Maple are due to receive their keys as early as mid-July, and residents of The Tamarind have also settled into their homes. Sentul Park has turned out to be more beautiful than we imagined, and the success of the Kuala Lumpur Performing Arts Centre speaks for itself. We are also handing over keys to residents in Lake Edge, with more homes in this fantastic location to be ready in the coming months.

We are busy at the moment with new residential developments scheduled to be launched, as well as a mixed bag of retail and commercial lots — The Saffron in Sentul East is doing well with 60% units sold before the official launch. It's encouraging to note that several buyers of The Saffron are repeat customers, which is testament of their trust and confidence in the YTL brand.

There's also a lot going on in Pantai Hillpark, which is maturing into a well-respected and popular development. We've just introduced Centrio, a mixed development pulling together retail, commercial and residential facilities in a fabulous combination of creative spaces for people to live, work and play in.

It looks like a good year indeed, as we are able to deliver on the YTL promise of a truly valuable, branded home.

Comments on emerging as one of *The Edge* Top Property Developers for 2006
I am indeed honoured and privileged to be selected as one of *The Edge* Top Property Developers.

The property scenario in Malaysia has grown in leaps and bounds, and my peers and I have a lot to be very proud of as we've all contributed to its success.

Awards like this, which give credit to creative, responsible developers, pave the way for even more competition in the future, making Malaysia an increasingly attractive property investment option for both the local and international markets.

Your wish list
• For the real estate sector to continue enjoying growth through the implementation of a more attractive tax treatment for real estate investment trusts.
• Continued evolution of the Malaysia My Second Home programme, as this encourages foreign investment in the country and has facilitated substantial property investments in Malaysia by people from all over the world.

by December this year, ahead of schedule.

Approvals are pending for the next phase, planned with units similar to the ones in Meadows. Yeoh admits the issue of delay in getting approvals is becoming more acute, and YTL Land is not the only developer complaining. "Approvals seem to take longer now; suddenly the pace has slowed down," he says.

More than 10 years ago, Pantai Dalam, in the heart of Kuala Lumpur was largely known for its squatters and low-cost housing. Today, YTL's renewal of Pantai Dalam's social landscape, with the building of the city's first Mediterranean-inspired condo villas known as Pantai Hillpark, has turned it into one of the better-known housing addresses in the city. Half of the 90-acre tract has been developed and plans for the remaining tract are, as expected, innovative and fresh.

Future launches planned here include a commercial centre over a five-acre site, comprising selected retail shops, boutique offices and exclusive loft apartments. Dubbed Centrio, this mixed development will serve as a hub for the community. The remaining 40 acres will be reserved for an exclusive enclave of 223 units of semi-detached homes and bungalows called Pantai Peak. An alternative access from Pantai Panorama direct into Pantai Hillpark is also on the cards.

As for their landbank, Yeoh says they have enough to keep themselves busy for some time, but adds that they are always on the lookout for more. "We've got to be selective; there is a lot of land in Johor for instance, but that's not where the market is. We think Penang, especially the island, is a ready market but landowners there are asking for the sky. But we are looking and we are in talks with some people," was all he would say for the time being.

Yeoh admits he is concerned about the direction of the property market. "I'm a little bit worried about interest rate hikes — they seem to be a dampener. Also, the recent fuel price increase has eaten into purchasing power."

He adds: "We have Sentul East and West, and if the market slows down, we have the East, where the units are smaller and hence, more affordable. We also have landbanks in not so strategic areas like Johor and Ipoh, where we will continue to build more affordable types of units."

This year, YTL Land plans to launch some RM500 million worth of properties. For the financial year ended June 30, 2005, the group recorded a pre-tax profit of about RM44.8 million on the back of RM175.5 million in revenue. E

YTL Land & Development Bhd

FINANCIAL YEAR-END JUNE 30 (RM MIL)

ITEM/YEAR	2005	2004	2003	2002	2001
Revenue	175.5	124.1	43.5	23.4	161
Pre-tax profit/(loss)	44.8	32.5	20.6	22.0	(27.4)
Paid-up capital	610.9	617.3	657.2	369.2	341.5
Shareholders' funds	466.6	420.8	393.7	80.7	12.9
Profit/(loss) attributable to shareholders	43.2	27.1	21.0	22.0	(25.5)
Dividend rate %	—	—	—	—	—

ONGOING LAUNCHES

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM MIL)	LAUNCH DATE	TAKE-UP (%)
The Maple at Sentul West	C	318	170	June 2003	70
Lake Edge, Puchong	TST, SD & B	327	185	April 2004	90
Lake Fields, Sg Besi (Meadows)	TST	514	220	Feb 2005	100
The Saffron at Sentul East	C	467	140	May 2006	55

IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM MIL)	EXPECTED LAUNCH
Centrio at Pantai Hillpark	ROH	255	80	Aug 2006
D7 at Sentul East	ROH	196	86	Aug 2006
Lake Fields, Sg Besi (Phase 2)	TST	246	200	4Q2006
Lake Edge, Puchong (Parkville)	SD & B	50	60	4Q2006
Pantai Peak	B	113	345	1Q2007

TST – 3-Storey Terrace
C – Condominium
SD – Semi-Detached
B – Bungalow
ROH – Retail, Offices & Habitats
GDV - Gross Development Value