City & Country

left to right:
Tan Sri Liew Kee Sin, S P Setia
Robert Tan, IGB Corp
Datuk Lee Yeow Chor, IOI Properties
Ngian Siew Siong, Sunway City
Datuk Jamaludin Osman, Island & Peninsular
Jauhari Hamidi, Sime UEP Properties
Datuk Ghazali Mohd Ali, Boustead Properties
Datuk Jagan Sabapathy, Bandar Raya Developments
Datuk Terry Tham, E&O Property Development
Tong Kooi Ong, Sunrise

THE EDGE MALAYSIA

Top Property Developers Awards 2007

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

TOP 10

RANK	COMPANY	SIGNIFICANT PROJECTS
1	S P Setia Bhd	Setia Eco Park, Setia Alam, Setia Pearl Island (Penang), Setia Tropika (Johor), Setia Hills Ampang
2	IGB Corp Bhd	Mid Valley City, Cendana, Seri Maya, U-Thant Residence, Hampshire Place, Laman Sierramas West
3	IOI Properties Bhd	Bandar Puchong Jaya, Bandar Puteri Puchong, Bandar Putra (Johor), Taman Lagenda Putra (Johor)
4	Sunway City Bhd	Sunway South Quay, Sunway Damansara, Kiara Hills, Sunway SPK, Sunway Palazzio, Sunway Melawati
5	Island & Peninsular Bhd	Bandar Kinrara, Alam Damai, Alam Impian, Kota Bayuemas, Kota Seriemas, Alam Sutera, Seri Beringin
6	Sime UEP Properties Bhd	Putra Heights, Ara Damansara, Bandar Bukit Raja Klang, USJ
7	Boustead Properties Bhd	Mutiara Damansara, The Curve, Mutiara Rini (Johor)
8	Bandar Raya Dev Bhd	The Troika, One Menerung, CapSquare, Permas Jaya, Defense Raya Golf Resort (Lahore, Pakistan)
9	E&O Property Dev Bhd	Seri Tanjung Pinang (Penang), Dua Residency, Idamansara, Seventy Damansara
10	Sunrise Bhd	Solaris Dutamas, Mont'Kiara Aman, Mont'Kiara Damai, 10@Mont'Kiara, 11@Mont'Kiara

TOP 30

RANK	COMPANY	RANK	COMPANY
1	S P Setia Bhd	16	Mah Sing Group Bhd
2	IGB Corp Bhd	17	MK Land Holdings Bhd
3	IOI Properties Bhd	18	PJ Dev Holdings Bhd
4	Sunway City Bhd	19	Metro Kajang Holdings Bhd
5	Island & Peninsular Bhd	20	YNH Property Bhd
6	Sime UEP Properties Bhd	21	Malton Bhd
7	Boustead Properties Bhd	22	Plenitude Bhd
8	Bandar Raya Dev Bhd	23	Daiman Dev Bhd
9	E&O Property Dev Bhd	24	Petaling Garden Bhd
10	Sunrise Bhd	25	GuocoLand (M) Bhd
11	YTL Land & Dev Bhd	26	Naim Cendera Holdings Bhd
12	Glomac Bhd	27	Ayer Hitam Planting Syndic. Bhd
13	Paramount Corp Bhd	28	Johor Land Bhd
14	Dijaya Corp Bhd	29	RB Land Holdings Bhd
15	Selangor Properties Bhd	30	Equine Capital Bhd

ISLAND & PENINSULAR BERHAD
[5268 – K]
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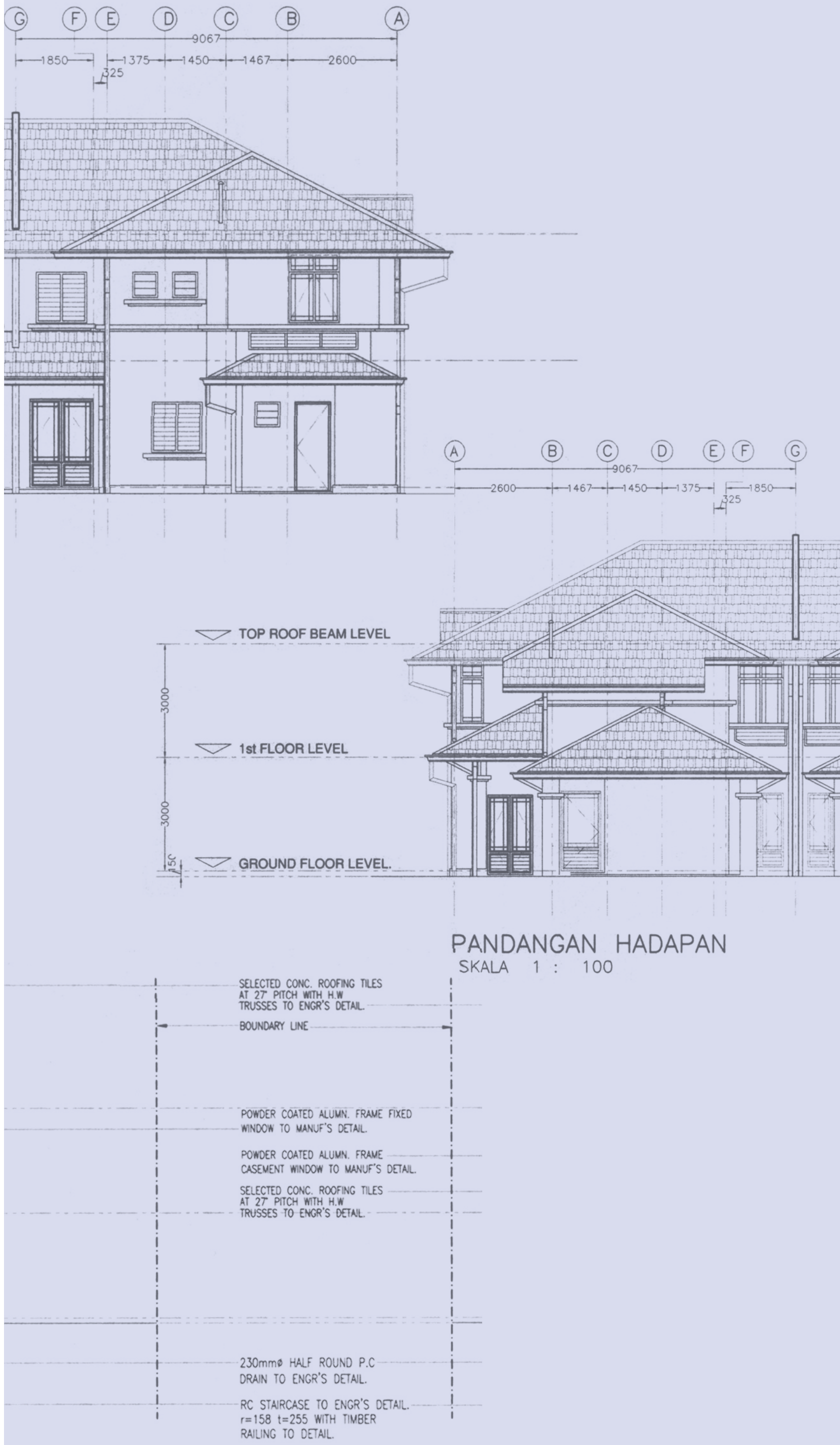
When it comes to homes, what's on your mind?

SCALE 1" 1 : 130

Alam Impian, Canting (Double Storey Link House) • Developer: I&P Alam Impian Sdn Bhd (394244M) • Developer's Address: Bangunan SPPK, No. 46, Jalan Dungun, Damansara Heights, P.O.Box 12497, 50490 Kuala Lumpur • Advertising Permit No: 9829-2/1760/2007(8) • Validity Period: 29/08/2006 – 28/08/2007 • Developer's License No: 9829-2/07-2009/677 • Validity Period: 12/07/2006 – 11/07/2009 • Approving Authority: Majlis Bandaraya Shah Alam • Building Plan Reference No: MBSA/B/PC/SEK.35/0047-2006(OSC/PBT) • Expected Date of Completion: December 2008 • Land Encumbrance (if any): Nil • Tenure of Land: Freehold • Built-up area: 2,439 sf – 3,471 sf • Selling Price: RM325,000 – RM623,000 • Discount for Bumiputra: 7% • Total Number of Units: 115 • **Alam Impian, Tinta (Semi-Detached)** • Developer: I&P Alam Impian Sdn Bhd (394244M) • Developer's Address: Bangunan SPPK, No. 46, Jalan Dungun, Damansara Heights, P.O.Box 12497, 50490 Kuala Lumpur • Advertising Permit No: 9829-2/1760/2007(8) • Validity Period: 29/08/2006 – 28/08/2007 • Developer's License No: 9829-2/07-2009/677 • Validity Period: 12/07/2006 – 11/07/2009 • Approving Authority: Majlis Bandaraya Shah Alam • Building Plan Reference No: MBSA/B/PC/SEK.35/0278-2005(OSC/PBT) • Expected Date of Completion: December 2008 • Land Encumbrance (if any): Nil • Tenure of Land: Freehold • Built-up area: 3,113 sf – 4,005 sf • Selling Price: RM555,000 – RM989,100 • Discount for Bumiputra: 7% • Total Number of Units: 142 • **Kota Seriemas, Marrakech (Double Storey Semi-Detached)** • Developer: I&P Seriemas Sdn Bhd (122570-H) • Developer's Address: Property Marketing Centre (PROMAC), Saujana Impian Resort Business Park, Persiaran Impian Perdana, Saujana Impian, 43000 Kajang, Selangor Darul Ehsan • Advertising Permit No: 7634-7/261/2008(2) • Validity Period: 06/02/2007 – 05/02/2008 • Developer's License No: 7634-7/02-2009/133 • Validity Period: 06/02/2007 – 05/02/2009 • Approving Authority: Majlis Perbandaran Nilai • Building Plan Reference No: MPN 431/350/2003/2(20) • Expected Date of Completion: July 2007 • Land Encumbrance (if any): Nil • Tenure of Land: Freehold • Built-up area: 1,800 sf – 2,500 sf • Selling Price: RM246,888 – RM505,814 • Discount for Bumiputra: 10% • Total Number of Units: 88 • **Alam Damai, Villa Damai Phase 2 (Bungalow)** • Developer: Syarikat Perumahan Pegawai Kerajaan Sdn. Bhd. (10586-D) • Developer's Address: Bangunan SPPK, No. 46, Jalan Dungun, Damansara Heights, P.O.Box 12497, 50490 Kuala Lumpur • Advertising Permit No: 318-4/472/2008(3) • Validity Period: 06/03/2007 - 05/03/2008 • Developer's License No: 318-4/03-2008/1380 • Validity Period: 02/03/2003 – 01/03/2008 • Approving Authority: Dewan Bandaraya Kuala Lumpur • Building Plan Reference No: BPS2 20050064 • Expected Date of Completion: May 2009 • Land Encumbrance (if any): Nil • Tenure of Land: Leasehold of 99 years, expiry in October 2104 • Built-up area: 3,797 sf – 4,182 sf • Selling Price: RM1,072,330 – RM1,564,646 • Discount for Government Servant: 10% • Discount for Bumiputra: 7% • Total Number of Units: 20.



Bungalows? Semi-detached units? Links? Condos? You may well think of the type you prefer first. The same way we do, which explains why we give you choices. But beyond that, we think you also deserve a home that can be handed down through generations. So we build our homes to last.

CURRENT PROJECTS :

Alam Impian, Shah Alam


Canting, Double Storey Link House


Tinta, Semi-Detached

Kota Seriemas, Nilai

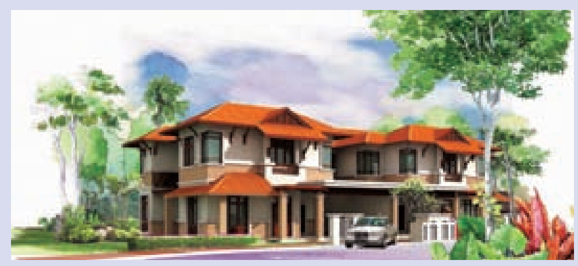

Marrakech, Semi-Detached

Alam Damai, Cheras


Villa Damai, Bungalow Phase 2

Bayuemas, Klang


Phase A2, Double Storey Link Homes


Phase A5, Double Storey Semi-Detached

BUNGALOW LOTS :

Alam Damai I Alam Sutera I Kota Seriemas I Bandar Kinrara I Bayuemas

EXCLUSIVE HOMES FOR RENT:

Seri Beringin, Bukit Damansara - Semi-Detached & Bungalows

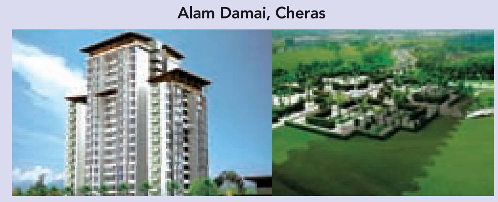
LAUNCHING SOON :

Kota Seriemas, Nilai


Malaya Theme Bungalow


Double Storey Terrace

Alam Damai, Cheras


Casa Damai Condominium, the first high rise residence in Alam Damai

Bandar Kinrara, Puchong


Phase 9A3, Double Storey Terrace

Alam Sari, Bangi


Double Storey Terrace

Alam Sutera, Bukit Jalil


Semi-Detached Homes

Setiawangsa, Kuala Lumpur


Business Suites

The above are perspective drawings only.

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Seri Beringin : 03-2093 3305
Bayuemas : 03-3167 7100 / 03-8073 7000
Alam Damai : 03-9102 3970 / 03-9102 3980 / 03-2093 3305
Alam Sutera : 03-8996 9733 / 03-8996 9766 / 03-2093 3305
Alam Impian : 03-5632 7600 / 03-2093 3305
Kota Seriemas : 06-791 2720 / 03-8739 9339
www.islpn.com.my

Bayuemas, Phase A2 (Double Storey Link Homes) • Developer: I&P Kota Bayuemas Sdn. Bhd. (568517-V) • Developer's Address: 33,35 &37, Jalan BK5A/2, Bandar Kinrara, 47100 Puchong, Selangor Darul Ehsan • Advertising Permit No: 9796-1/213/2008(01) • Validity Period: 26/01/2007 – 25/01/2008 • Developer's License No: 9796-1/03-2009/237 • Validity Period: 10/03/2006 – 09/03/2009 • Approving Authority: Majlis Perbandaran Klang • Building Plan Reference No: MPK/B.(P)0228-04 • Expected Date of Completion: March 2009 • Land Encumbrance (if any): Nil • Tenure of Land: Freehold • Built-up area: 1,753 sf – 2,021 sf • Selling Price: RM198,888 – RM300,888 • Discount for Bumiputra: 7% • Total Number of Units: 84 • **Bayuemas, Phase A5 (Double Storey Semi-Detached)** • Developer: I&P Kota Bayuemas Sdn. Bhd. (568517-V) • Developer's Address: 33, 35 & 37, Jalan BK5A/2, Bandar Kinrara, 47100 Puchong, Selangor Darul Ehsan • Advertising Permit No: 9796-2/1659/2008(08) • Validity Period: 07/08/2007 – 06/08/2008 • Developer's License No: 9796-2/04-2009/349 • Validity Period: 07/04/2006 – 06/04/2009 • Approving Authority: Majlis Perbandaran Klang • Building Plan Reference No: P 35/05• Expected Date of Completion: August 2008 • Land Encumbrance (if any): Nil • Tenure of Land: Freehold • Built-up area: 2,530 sf – 2,807 sf • Selling Price: RM464,888 – RM523,888 • Discount for Bumiputra: 7% • Total Number of Units: 38 • **Bandar Kinrara, Phase 9A3 (Double Storey Terrace)** • Developer: Perumahan Kinrara Berhad (305-P) • Developer's Address: 33, 35 & 37, Jalan BK5A/2, Bandar Kinrara, 47100 Puchong, Selangor Darul Ehsan • Advertising Permit No: 4924-41/1697/2008(08) • Validity Period: 13/08/2007 - 12/08/2008 • Developer's License No: 4924-41/04-2010/495 • Validity Period: 27/04/2007 – 26/04/2010 • Approving Authority: Majlis Perbandaran Subang Jaya • Building Plan Reference No: MPSJ. BGN/KW/B-9/4(11) • Expected Date of Completion: August 2009 • Land Encumbrance (if any): Nil • Tenure of Land: Freehold • Built-up area: 1,751 sf – 2,254 sf • Selling Price: RM343,888 – RM596,888 • Discount for Bumiputra: 7% • Total Number of Units: 158

ING HOME LOAN

THEEDGE MALAYSIA Top Property Developers Awards 2007

contents

Qualitative attributes (2007)

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

Quantitative attributes (2007)

RANKING	COMPANY	RANKING	COMPANY
1	IGB Corp Bhd	16	Dijaya Corp Bhd
2	S P Setia Bhd	17	Petaling Garden Bhd
3	IOI Properties Bhd	18	Worldwide Holdings Bhd
4	Sunway City Bhd	19	PJ Dev Holdings Bhd
5	Island & Peninsular Bhd	20	Plenitude Bhd
6	Sime UEP Properties Bhd	21	United Malayan Land Bhd
7	Boustead Properties Bhd	22	Metro Kajang Holdings Bhd
8	Selangor Properties Bhd	23	KSL Holdings Bhd
9	Naim Cendera Holdings Bhd	24	Matrix International Bhd
10	Bandar Raya Dev Bhd	25	Ayer Hitam Planting Syndic. Bhd
11	E&O Property Dev Bhd	26	GuocoLand (M) Bhd
12	MK Land Holdings Bhd	27	Mah Sing Group Bhd
13	Paramount Corp Bhd	28	YNH Property Bhd
14	Daiman Dev Bhd	29	RB Land Holdings Bhd
15	Krisassets Holdings Bhd	30	Malton Bhd

Top 30 (2006)

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

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 & Dev Bhd
8	Sime UEP Properties Bhd
9	Bandar Raya Dev Bhd
10	E&O Property Dev 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 Dev 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 Dev Bhd
15	Krisassets Holdings Bhd
16	WCT Land Bhd
17	Dijaya Corp Bhd
18	Paramount Corp Bhd
19	E&O Property DevBhd
20	Petaling Garden Bhd
21	Worldwide Holdings Bhd
22	PJ Dev Holdings Bhd
23	LBS Bina Group Bhd
24	RB Land Holdings Bhd
25	Plenitude Bhd
26	YTL Land & Dev Bhd
27	Mah Sing Group Bhd
28	KSL Holdings Bhd
29	Glomac Bhd
30	Matrix International Bhd

Top 30 (2005)

RANKING	COMPANY
1	S P 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 Dev Bhd
8	Boustead Properties Bhd
9	Island & Peninsular Bhd
10	Sunrise Bhd
11	Glomac Bhd
12	UDA Holdings Bhd
13	E&O Property Dev Bhd
14	Naim Cendera Holdings Bhd
15	Petaling Garden Bhd
16	YTL Land & Dev 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 Dev Bhd
24	PJ Dev 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	S P Setia Bhd
3	IGB Corp Bhd
4	Bandar Raya Dev Bhd
5	IOI Properties Bhd
6	Sime UEP Properties Bhd
7	YTL Land & Dev 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 Dev 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 Dev 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 Dev Holdings Bhd

Quantitative attributes (2005)

RANKING	COMPANY
1	IOI Properties Bhd
2	S P 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 Dev Bhd
12	Naim Cendera Holdings Bhd
13	Petaling Garden Bhd
14	Selangor Properties Bhd
15	E&O Property Dev Bhd
16	WCT Land Bhd
17	Dijaya Corp Bhd
18	Worldwide Holdings Bhd
19	Glomac Bhd
20	LBS Bina Group Bhd
21	PJ Dev Holdings Bhd
22	Plenitude Bhd
23	Country Heights Holdings Bhd
24	Metro Kajang Holdings Bhd
25	KSL Holdings Bhd
26	Sunrise Bhd
27	Daiman Dev Bhd
28	Pelangi Bhd
29	Guocoland (M) Bhd
30	PK Resources Bhd

Top 10 (2003)

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

Top 10 (2004)

RANKING	COMPANY
1	IGB Corp Bhd
2	S P Setia Bhd
3	IOI Properties Bhd
4	MK Land Holdings Bhd
5	Sime UEP Properties Bhd
6	Bandar Raya Dev Bhd
7	Sunway City Bhd
8	Island & Peninsular Bhd
9	Boustead Properties Bhd
10	Sunrise Bhd

Qualitative attributes (2004)

RANKING	COMPANY
1	Sunrise Bhd
2	IGB Corp Bhd
3	S P Setia Bhd
4	Sime UEP Properties Bhd
5	Bandar Raya Dev Bhd
6	Sunway City Bhd
7	YTL Land & Dev Bhd
8	Island & Peninsular Bhd
9	Boustead Properties Bhd
10	IOI Properties Bhd

Quantitative attributes (2004)

RANKING	COMPANY
1	IGB Corp Bhd
2	IOI Properties Bhd
3	S P Setia Bhd
4	MK Land Holdings Bhd
5	Sime UEP Properties Bhd
6	Sunway City Bhd
7	UDA Holdings Bhd
8	Bandar Raya Dev Bhd
9	Island & Peninsular Bhd
10	Talam Corp Bhd

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HARIS HASSAN/THE EDGE

Familiar names hog limelight

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

| BY SHARON KAM |

Familiar names retained the top spots in *The Edge* Top Property Developers Awards 2007, with the exception of one newcomer and another returning to the Top 10 developers list.

S P Setia is ranked No 1 for the third consecutive year but this time round, the company has added another feather to its cap. It is also No 1 in the qualitative sub-ranking and has retained its second placing in the quantitative sub-ranking, after IGB Corp Bhd.

It is no secret that S P Setia has been and is expanding aggressively on all property fronts, penetrating at breakneck speed into areas that had until recently been pretty much the domain of a select group of developers.

Once a township developer in Johor, S P Setia is no longer building homes for just the masses. It has successfully carved for itself a slice of the high-end home pie, including upmarket addresses such as Kuala Lumpur's Mont'Kiara. Even as the Setia Eco homes are gaining popularity, the developer has not wasted any time in moving into the condominium, office retail and mall property subsectors.

In FY2006, the award-winning developer sold more than 5,000 homes in the Klang Valley and Johor Baru, raking in RM1.4 billion in sales. Going forward, FY2007 looks exciting for S P Setia. Led by Tan Sri Liew Kee Sin, the company has made inroads into Penang and recently, into Vietnam, where it is developing an integrated eco-township on the outskirts of Ho Chi Minh City with a state-owned conglomerate.

It is heartening to note that the rapid growth charted by S P Setia has not been achieved at the expense of quality. It is pertinent to mention here that apart from product quality, *The Edge* Top Property Developers Awards takes into account expertise, innovation and creativity, image and value creation.

IGB Corp retained its second position overall while coming out tops in the quantitative attributes subcategory — up from third spot last year. Of the companies surveyed for the ranking, IGB Corp boasted the strongest shareholders' funds and an admirable cash position to boot.

With a diversified portfolio of hotels, residences, offices and commercial developments led by its flagship Mid Valley City, IGB has recorded steady growth in group pre-tax profits, jumping from RM114 million in 2002 to RM202 million in 2006. It came in third in qualitative attributes for the second consecutive year.

IOI Properties Bhd swapped its fifth position with Island & Peninsular Bhd (I&P) to come in third this year. Sunway City Bhd and Sime UEP Properties Bhd retained their fourth and sixth positions respectively.

FY2006 was a good year for IOI Properties, one of the country's oldest property developers, turning in record pre-tax profits helped by higher sales of shopoffices at its flagship project in Bandar Puteri, Puchong. Add to this higher contributions from its property investment portfolio, which indicated improved rentals and occupancy rates.

IOI Properties' pre-tax profit surpassed the RM400 million mark to reach RM427.6 million last year, representing a 31% from FY2005's RM351.2 million. It should be noted that of the RM427.6 million, RM76.4 million came from the disposal of the group's stake in IOI Oleochemical Industries Bhd.

Sunway City moved up a notch to fourth place quantitatively this year while retaining its fourth spot qualitatively. The group's strengths lie in its decent landbank, mainly in the Klang Valley, and its focused brand name in the mid to high-end segments. Sunway City unveiled the Sunway Palazzio condominium in Sri Hartamas and South Quay in Bandar Sunway recently. It also announced that it is ready to launch its RM1.5 billion high-end condominium project in Andra Pradesh, India, by the middle of next year.

KENNY YAP/THE EDGE

S P Setia's Setia Alam is drawing the crowd

I&P saw its quantitative ranking drop to fifth place from first place last year, when a rationalisation exercise with Golden Hope Plantations Bhd had turned I&P into the country's largest developer in terms of landbank. This will be the last year I&P will be considered in the ranking as it was delisted from Bursa Malaysia on July 13.

Sime UEP maintained its sixth spot quantitatively but slid down the qualitative ranking, from eighth place last year to 11th this year. Sime UEP divested all its assets and liabilities to Synergy Drive Sdn Bhd under the multibillion-ringgit merger exercise involving Golden Hope Plantations, Kumpulan Guthrie Bhd and Sime Darby Bhd group of companies recently. The new entity will be the country's largest property player in terms of landbank.

Boustead Properties Bhd, meanwhile, returned to the league of Top 10 developers, rising to seventh place from 15th last year. Boustead Properties' pre-tax profit rose sharply to RM224 million in FY2006 from RM87 million the previous year. The significant jump was attributed to the contribution of the Al-Hadharah Boustead Real Estate Investment Trust (REIT).

Bandar Raya Developments Bhd went up a notch to eighth spot (from ninth last year) while the newcomer to the Top 10 list, E&O Property Development Bhd, came in ninth, up from 12th spot last year. BRDB continued to impress with its product quality, moving up to seventh place from ninth for its qualitative attributes. It was also significantly better in its quantitative standing this year, leaping to 10th place from 14th last year. The developer launched its luxury development, One Menerung, in Bangsar last December at prices ranging from RM750 psf to RM850 psf. More than 80% of this project has been sold.

From 19th place in the quantitative ranking last year, E&O Property moved up to 11th place, buoyed by commendable sales in its seafront development Seri Tanjung Pinang in Penang. Its projects in Klang Valley also recorded good sales. Since its emergence on

CONTINUES NEXT PAGE

LEE LAY KIN/THE EDGE

Bandar Puteri Puchong, one IOI Properties' flagship developments that has evolved into a well-sought after location

FROM PREVIOUS PAGE

Bursa Malaysia in October 2003, E&O Property's (known as Kamunting Corp Bhd before a name change) revenue has been rising steadily.

Sunrise Bhd made it to the Top 10 list again, despite spring-cleaning its balance sheet, which made a provision for RM87.4 million in FY2006. Consequently, pre-tax profit nose-dived to RM41.7 million from RM150.2 million before. The decline was even more severe at net profit level — RM7.1 million against RM104.7 million in FY2005. This was because provisions for diminution in asset value are not tax deductible. The provisions were made for two pieces of leasehold land in Kajang, Selangor, and another piece in Mersing, Johor, as well as the developer's property investment in Australia.

However, things improved in 1HFY2007, with revenue growing 55% to RM556 million from RM359.2 million. Contributing significantly to this are its retail and commercial properties, Solaris Mont'Kiara and Solaris Dutamas as well as its residences Mont'Kiara Banyan and Mont'Kiara10. Last month, Sunrise held a private preview of its iconic Mont'Kiara11, with the price of RM727 psf onwards setting a new benchmark for the developer and condos in Mont'Kiara.

Top 30

YTL Land improved its qualitative standing from seventh to fifth spot this year but its overall ranking was weighed down by its quantitative attributes. Despite lower revenue, due mainly to lower revenue recognition resulting from the timing of project launches, the developer managed to post a higher pre-tax profit. However, this paled in comparison to that achieved by those in the Top 10 club.

MK Land's departure from the Top 10 list was not unexpected. From eighth position last year, the developer dropped to No 17. Qualitatively, the developer retreated to 24th spot from 13th while in the quantitative ranking, it slid to 12th position from eighth. Amid soft market sentiment, the group reduced its product launches and consolidated efforts to leverage on the demand for existing products.

Three new names made it to the Top 30 list this year — YNH Property Bhd, Ayer Hitam Planting Syndic Bhd and Johor Land Bhd. Those that made a comeback were Daiman Development Bhd, GuocoLand (M) Bhd and Equine Capital Bhd.

Fifth year of ranking

This is the fifth year of *The Edge* Top Property Developers Awards. The ranking is based on quantitative and qualitative attributes (based on the 2006 financial year results) of the developers. Data for the quantitative attributes was obtained from published sources compiled by Interactive Data Systems Sdn Bhd.

The five quantitative attributes are shareholders' funds, group pre-tax profit, revenue, gearing, and cash plus cash equivalents. Companies in the property sector of the Main and Second Boards of Bursa Malaysia are ranked, even if a significant portion of their earnings is derived from non-property development-related businesses. Private-owned property development companies have not been included in the ranking because their financial data is not open to the public.

The qualitative attributes are product quality, innovation and creativity, value creation for buyers, image and expertise. These were judged by a panel made up of esteemed members of the industry, namely Tan Sri Mustapha Kamal Abu Bakar, Datuk Alan Tong, Datuk Jeffery Ng, Kumar Tharmalingam, Datuk Eddy Chen and Au Foong Yee.

Mustapha Kamal abstained from the judging for MK Land Holdings, where he is group chairman, Chen for Metro Kajang, where he is the managing director, and Au for Sunrise Bhd (Sunrise and Nexnews Bhd, which publishes *The Edge*, have a common major shareholder).

The results were audited by Deloitte KassimChan. E

KENNY YAP/THE EDGE

IGB's Seri Maya development in the Klang Valley has seen brisk sales

Editor's note

When *The Edge* conceptualised *The Edge* Top Property Developers Awards five years ago, we realised and acknowledged then that this was no perfect ranking. Surely, no ranking exercise can be perfect in the true sense of the word if qualitative attributes are to be employed as one of the two key barometers. The other barometer is quantitative attributes.

But we were undeterred. After much deliberation and brainstorming sessions, we settled for a 50:50 quantitative-qualitative weightage for the ranking. To us, it was clear. Anyone could be a developer, an aggressive one even. What was equally important was quality.

The quantitative aspect of the ranking is straightforward. The data — shareholders' funds; group revenue; group pre-tax profit; gearing; and cash and cash equivalents — is obtained from published sources.

As for the qualitative ranking, we have received enquiries from developers on how they can improve their qualitative position in the ranking. In other words, how they can enhance their qualitative attributes.

Certainly, such interest is an endorsement of the awards — we thank you for your confidence. In a way, if we may say so, the ranking is serving a purpose in raising the bar for Malaysia's best property developers. This is especially relevant at a time when the local property development fraternity is spreading its wings beyond our shores.

We at *The Edge* are raising the bar for ourselves as well. From this year, we have voluntarily and on our own initiative opened up our ranking tabulation to Deloitte KassimChan for audit. We believe the move towards transparency is necessary, given how seriously property developers and the property market as a whole have started to take the ranking.

Qualitative ranking

We have, from day one of the awards, spelt out the methodology utilised for the ranking. Perhaps, this is a good occasion to revisit it. To recap, we have a seven-member judging panel comprising the country's property gurus. *The Edge* is represented on the panel, whose members abstain from voting or deliberation on companies in which they have a direct or indirect interest.

So, what exactly do the judges look for in a quality developer?

- **PRODUCT QUALITY**
  By our standards, a quality developer is not one consumed by putting up buildings in straight lines, for instance. Installing state-of-the-art sanitary fittings or using top-of-the-range building materials also does not earn a developer "quality" status. Realistically, the finishing in a condominium unit that costs RM500,000 must pale in comparison to that of a RM5 million unit. But that is not the case for the ranking.

  The service provided by the developer, meeting the project's completion date and its finishing are some of the things that separate a top developer from a mediocre one. By service here, we mean both the pre and post-sale type.

  Developers need to walk the extra mile to earn the loyalty of their database of purchasers. At the same time, they need to work on converting the sceptics, make them feel important and welcome, even if they do not wear branded clothes or sport flashy wristwatches. Remember, some super rich people do not believe in flaunting their wealth.

  Given the stiff competition these days, developers should not take buyers, prospective ones included, for granted. Never underestimate the power of advertising by word of mouth. It is tough to build goodwill and branding and so very easy to lose it.

- **INNOVATION AND CREATIVITY**
  When examining a developer for innovation and creativity, we not only look at the finished product but also the marketing strategy employed. Gone are the days when traditional designs, layouts, concepts and marketing ploys sufficed. Even the best of developers with the best of products in the best of locations have to work hard. Outstanding property developers must be able to identify their unique selling points and go to town with them. It is not the market's fault if it is not aware of your fantastic product. Or your existence, for that matter.

- **VALUE CREATION**
  This is one qualitative attribute that every property investor looks for. If you wonder why some property developers succeed in carving out a loyal following of buyers, think capital appreciation and yield. These investors would have probably made their money by previously buying from the developer. Their confidence in the developer probably stems from looking at it as a business partner that will continue to deliver.

  While it is true that no real estate is protected from the vagaries of a property cycle, it is important that investment value recovers quickly before moving on to a new level. Top property developers must display this ability — they cannot just sell and move on, leaving their buyers holding the baby, so to speak. Buyers have long memories. And their opinions and experiences count where future buyers are concerned.

- **IMAGE AND MARKET PERCEPTION**
  Market perception of a developer is important. It is not enough that a property developer is credible. It must be seen to be credible. Management style must, of course, be forward thinking and effective. Well-thought-out decisions are useless if they stay within the confines of the boardroom or the CEO's air-conditioned office. Strategies and their rationale must be conveyed to all levels of the company. Don't forget that the first point of contact with a customer can make or break a prospective sale. For sure, there is no room for the No Action Talk Only syndrome.

- **EXPERTISE**
  Last but not least, an outstanding property developer not only boasts know-how but also strives to continuously improve itself to stay ahead of the pack. This can be achieved through investment in research and in the staff — there is no doubt that people maketh a company. Send members of staff abroad to expand their horizons; it is important that your key team members see the world. Nurture them, instill in them a sense of belonging and ownership. This is vital since a top property developer is no fly-by-night operator. A proven track record goes a long way.

Qualitative judging panel

Surely, not every member of the judging panel can be expected to know enough about each of the companies ranked; this is not their fault, especially since the ranking is from the consumer's perspective. Look at it this way. If the market does not know about you as a developer or your brand, whose fault is it? So, re-examine your strategies, going forward.

To all *The Edge* Top Property Developers for 2007, congratulations! We must acknowledge here that you have been outstanding and a winner in the true sense of the word.

Best regards

Foongyee

The team

KENNY YAP/THE EDGE

***The Edge* team behind the awards (seated from left): Au Foong Yee (group executive editor of property and retailing, *The Edge* and *theSun*), P Gunasegaram (group executive editor), Lim Shiew Yuin (research and corporate communications manager), and Sharon Kam (assistant editor, *City & Country*). Standing from left: Fintan Ng, Allison Lee, Diana Chin, Yap Yew Jin, Yeong Ee-Wah, and Loo Pik Kwan**

Profile of JUDGES

KENNY YAP/THE EDGE

DATUK ALAN TONG KOK MAU

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

Tong is the first and only Malaysian to hold the post of Fiabci World president (2005-2006) and it was during his term that the Fiabci's Kuala Lumpur-based Asia-Pacific regional secretariat was formed. He founded Sunrise Sdn Bhd in 1968, a property development company that was subsequently listed as Sunrise Bhd on the Main Board of the local bourse in 1995. Tong exited the company in early 1997 and is now the group chairman of Bukit Kiara Properties Sdn Bhd and ATKM Sdn Bhd, two private companies he formed in 2000 to undertake further property development.

KENNY YAP/THE EDGE

DATUK JEFFREY NG

Past president, Rehda Malaysia
Former vice-president and **secretary-general**, Fiabci Malaysia

Ng has business interests in boutique property development and wine distribution. His experience in finance, corporate planning and executive management in the property and hotel industry in Malaysia spans more than 26 years. The former managing director of AP Land Bhd is a member of The Institute of Chartered Accountants Australia, Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

KENNY YAP/THE EDGE

DATUK TEO CHIANG KOK

Vice-president, Fiabci Asia Pacific Secretariat
Past president, Fiabci Malaysia
Past president, Rehda (Real Estate and Housing Developers' Association) Malaysia

Teo, a national council member of the Associated Chinese Chambers of Commerce and Industry of Malaysia, has some three decades' experience in property development. He is a director of companies within the See Hoy Chan Holdings Group in Malaysia, which is into property development and investments, oil palm plantations and financial services. It runs a private college and is also an electricity wholesaler and distributor, and a township multi-media network facility and service provider. The group is behind the development of the popular Bandar Utama township in Petaling Jaya, where the award-winning 1 Utama shopping centre is located. Teo has been involved in a multitude of projects, including highrise commercial, office complexes, shopping centres, industrial and housing schemes and to date, has built 25,000 housing units and 15 million sq ft of commercial space.

KENNY YAP/THE EDGE

TAN SRI MUSTAPHA KAMAL ABU BAKAR

Vice-president, Fiabci Malaysia

A former senior civil servant, the chairman of MK Land Holdings Bhd and executive chairman of MKN Holdings Sdn Bhd has vast experience in the property industry, having ventured into it back in in 1983, with the forming of the Emkay Group which has significant property development interests in Malaysia and Australia. MK Land Holdings is behind the development of the Damansara Perdana township in Selangor, among others. Mustapha was named the Fiabci Property Man of the Year in 1997.

SUHAIMI YUSUF/THE EDGE

DATUK EDDY CHEN

Past president, Rehda Malaysia
Advisory board member, Construction Labour Exchange Bhd

The managing director of the Metro Kajang Group has been in property development and construction-related businesses for more than two decades. The group's activities include the construction and marketing of more than 20,000 homes of various types, and commercial and industrial buildings. Chen sits on various key government-private sector committees that formulate policies governing the housing and real estate industry.

KENNY YAP/THE EDGE

KUMAR THARMALINGAM

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

Kumar is a registered real estate valuer and property consultant. In 1987, he established the First Malaysian Property Trust (FMPT) — a Bank of Commerce and Austwide, Australia joint venture — and became its manager. He now actively tracks the REIT (Real Estate Investment Trust) industry worldwide with a view to introducing and improving the financial marketability of commercial real estate in Malaysia and Southeast Asia.

HARIS HASSAN/THE EDGE

AU FOONG YEE

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

The methodology

HOW THE COMPANIES ARE RANKED

Research for *The Edge* Malaysia Top Property Developers Awards 2007 was carried out between June and July on all 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 in the exercise. Introduced in 2003, the annual ranking is based on the companies' quantitative and qualitative attributes and is from the consumer's perspective. All financial data considered is for the 2006 financial year, sourced through Interactive Data Systems (M) Sdn Bhd. Where applicable, the flow items of companies ranked have been annualised. The tabulation, both quantitative and qualitative, has been audited by Deloitte KassimChan.

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 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 — 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 published data. For the qualitative attributes, points are awarded by a seven-member panel of judges comprising top property gurus in Malaysia. *The Edge* was represented in the panel.

Three of the judges abstained in the deliberation and judging of companies in which they have direct or indirect interest. They are Tan Sri Mustapha Kamal Abu Bakar for MK Land Holdings (he is the group chairman); Datuk Eddy Chen for Metro Kajang (he is the managing director); and Au Foong Yee 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

Property stocks rallied

| BY FINTAN NG |

This is turning out to be generally an interesting year for property stocks listed on Bursa Malaysia, compared to a year ago. They have rallied strongly in the past few months despite external factors such as several near market corrections in China due to fears of a bubble developing and subprime mortgage woes in the US. Of course, this was before the recent market volatility triggered by worries over the subprime mortgage crisis.

The relaxation of Foreign Investment Committee guidelines for foreign property purchases announced last December and, more importantly, the indefinite suspension of real property gains tax, starting this April, have given the property sector a much-needed boost, apart from moves to improve the delivery system in the approval process for property-related matters announced in mid-April.

Announcements heralding the advent of large multibillion-ringgit infrastructure development plans covering the life spans of several Malaysia Plans in the southern half of Johor (the 2,217 sq km Iskandar Development Region) last November and the northern peninsular states (the Northern Corridor Economic Region or NCER) in July have also helped stoke interest in property stocks.

There were also a number of mergers and acquisitions in the local corporate scene led by government-linked entities. Foremost among them is the merger of Sime Darby Bhd, Kumpulan Guthrie Bhd and Golden Hope Plantations Bhd to form Synergy Drive. The merger includes six other listed subsidiaries of these three groups, of which there is Sime Darby's listed property subsidiary, Sime UEP Properties Bhd.

Also taken off the list of Bursa Malaysia recently was Island & Peninsular Bhd (from July 13) and Petaling Garden Bhd (from June 26). Government-linked investment company, Permodalan Nasional Bhd, took both companies private.

On another front, in a rationalisation exercise announced in late July, construction-based firm IJM Corp Bhd is bundling its unlisted property development arm into recently acquired RB Land Holdings Bhd, which will then be known as IJM Land Bhd. According to IJM Corp, the transformed entity will have a share base of more than one billion shares of RM1 each.

Against this exciting backdrop, how have the winners in *The Edge* Top Property Awards 2007 — a ranking based on both quantitative and qualitative attributes and from the consumers' perspective — fared in the eyes of investors of their stocks?

For a start, all developers which emerged on the top 30 list of *The Edge* Top Property Awards 2007 saw a climb in their share price in the 18-month period from Jan 1, 2006, to June this year, according to data provided by Interactive Data Systems Sdn Bhd. This is in stark contrast to last year, when only eight showed a positive difference in an 18-month period from Jan 1, 2005, to June 30, 2006.

The higher share prices of the top 30 developers in the period under review have been achieved against a backdrop of the robust performance of the local bourse. During the review period, the KL Composite Index rose 461.530 points to 1,354.380 points as at June 30, up a significant 51.690%, while the KLSE Properties Index chalked up 605.660 points to 1,128.370 points, up by 115.870%.

Price surge

Half of those in the top 30 list saw triple-digit percentage increases, of which two companies with Penang landbank and ongoing projects — Equine Capital Bhd and E&O Property Development Bhd, saw their share prices surging to RM4.20 and RM3.80, respectively, as at June 30. This represented a sharp jump of 843.820% and 347.590% respectively. At press time on Aug 28, Equine Capital and E&O Property closed at RM2.74 and RM3.70, respectively.

Prior to the recent sell-down, Equine Capital's share price had climbed following an analyst's call based on real net asset value of its 25% stake in the RM25 billion proposed redevelopment of the 259-acre Penang Turf Club into a new city centre that will act as a financial and urban transport hub. For E&O Property, the market liked its ongoing 940-acre Seri Tanjung Pinang development along the island's northeast coast as well as its prime Klang Valley landbank.

Property and construction-based groups such as S P Setia Bhd, Equine Capital, Mah Sing Group Bhd, Malaysian Resources Corp Bhd, and UEM Builders Bhd are expected to be the prime beneficiaries of the RM50 billion that will be invested in the NCER in the coming years. Equine Capital is developing the 450-acre Crescentia Park in Batu Kawan, Penang, while SP Setia and Mah Sing both have landbank in the southeastern corner of the island close to where the second bridge is to be constructed.

MOHD IZWAN MOHD NAZAM/THE EDGE

It has been an interesting year for property stocks

Mah Sing has made a name for itself in its strategy of acquiring land with fast turnaround time. With the acquisition of 85.74 acres of land in Penang, it now has 13 developments with a potential gross development value of RM3.47 billion. Besides Penang, Mah Sing has significant landbank and ongoing projects in the Klang Valley and Johor.

Of the top property developers, the share price of GuocoLand (M) Bhd saw the second highest percentage increase. In June, the share price nearly doubled on talk that the company was planning to obtain the Universiti Malaya campus, which sits on prime land between Bangsar and Medan Damansara in exchange for relocating the campus to Sepang. GuocoLand is planning to launch the RM1.2 billion Damansara City development on 8.30 acres next to Pusat Bandar Damansara. It also recently announced the acquisition of Titan Debut Sdn Bhd for RM71 million. Titan Debut owns 1.98 acres of land on Jalan Binjai in the KLCC area, where two 41-storey serviced apartment blocks called Oval Apartments are coming up.

Of the Top 10 Developers, Bandar Raya Developments Bhd's (BRDB) share price percentage rise is second highest after E&O Property. The former, developer of The Troika and Capital Square in downtown Kuala Lumpur, is retaining portions of commercial space that, together with Bangsar Shopping Centre, will give it an additional net lettable area of one million sq ft by end-2009 and a potential gross rental revenue of RM100 million.

BRDB also has a 30% stake in the RM2 billion Defence Raya Golf Resort in Lahore, Pakistan.

S P Setia and IGB Corp have done well too on the stock market. The former is concentrating on developing its five brand strategy — Eco, Setia, Duta, Residences and Commercial while IGB is busy putting the finishing touches to the RM1.5 billion The Gardens, the latest addition to the 50-acre Mid Valley City development. Going forward, S P Setia said it would be launching three commercial developments worth an estimated RM1 billion. IGB, on the other hand, is occupied with ongoing residential property projects besides The Gardens.

Another top property developer whose share price has surged is IOI Properties Bhd, which is also entering the property development scene in Singapore in a 50:50 joint venture with Ho Bee Investment Ltd. They have won a tender to build luxury condos on a 3.6-acre tract. Besides this, IOI Properties is entering the downtown Kuala Lumpur development scene with the development of condominiums on a 3.76-acre parcel. Back in Puchong, Selangor, it will be expanding the 750,000 sq ft IOI Mall with another 400,000 sq ft of net lettable space.

Boustead Properties Bhd, known for the popular Mutiara Damansara development in Petaling Jaya, has seen the value of commercial land in this area become very valuable over the past five years. From a rate of RM99 psf in 2000, it has since tripled to RM300 psf today. The township is now home to a number of corporations which have chosen it as their corporate headquarters such as UAC Bhd and Batu Kawan Group.

Sunway City Bhd and Sunrise Bhd, synonymous with the development of Bandar Sunway and Mont'Kiara respectively, have also seen their share prices gallop. This year also saw Sunway City unveil the Sunway Palazzio condominium at Sri Hartamas in Singapore and South Quay at Bandar Sunway.

Sunrise enjoyed a very successful launch of 10@Mont'Kiara last September, while it is retaining a third of the net saleable area of the RM1.5 billion Solaris Dutamas. On Aug 17, the developer held a private preview for registrants of 11@Mont'Kiara comprising five towers of differing heights on six acres with a price tag ranging from RM727 to RM802 psf. It also announced plans to acquire three parcels of land in British Columbia, Canada, for mixed development while it is also selling part of Plaza Mont'Kiara to Quill Capita Trust for RM90 million. E

HOW THE TOP 30 DEVELOPERS FARED ON THE BOURSE

Bursa Malaysia (Jan 1 2006 to June 30 2007)

IDS

Description	1/1/2006	30/06/2007	Difference	Difference(%)
Kuala Lumpur Composite Index	892.850	1354.380	461.530	51.690
Bursa Malaysia Property Index	522.710	1128.370	605.660	115.870
1 Equine Capital Bhd	0.445	4.200	3.755	843.820
2 GuocoLand (M) Bhd	0.630	3.200	2.570	407.940
3 E&O Property Development Bhd	0.849	3.800	2.951	347.590
4 Bandar Raya Developments Bhd	0.875	3.560	2.685	306.860
5 Mah Sing Group Bhd	0.545	2.108	1.563	286.790
6 RB Land Holdings Bhd*	0.400	1.430	1.030	257.500
7 Sunway City Bhd**	0.425	1.480	1.055	248.240
8 Sunrise Bhd	1.190	3.840	2.650	222.690
9 PJ Development Holdings Bhd	0.375	1.080	0.705	188.000
10 YTL Land & Development Bhd	0.630	1.800	1.170	185.710
11 S P Setia Berhad	3.300	8.650	5.350	162.120
12 IGB Corporation Bhd	1.150	2.710	1.560	135.650
13 YNH Property Bhd	1.240	2.880	1.640	132.260
14 Plenitude Bhd	1.230	2.800	1.570	127.640
15 Metro Kajang Holdings Bhd***	0.795	1.710	0.915	115.090
16 MK Land Holdings Bhd	0.500	1.040	0.540	108.000
17 Selangor Properties Bhd	2.450	4.720	2.270	92.650
18 Johor Land Bhd	0.760	1.450	0.690	90.790
19 Malton Bhd	0.300	0.560	0.260	86.670
20 Ayer Hitam Planting Syndic. Bhd	2.160	3.900	1.740	80.560
21 Naim Cendera Holdings Bhd	2.970	5.200	2.230	75.080
22 IOI Properties Bhd	7.600	13.300	5.700	75.000
23 Petaling Garden Bhd	1.450	2.420	0.970	66.900
24 Island & Peninsular Bhd	1.400	2.330	0.930	66.430
25 Glomac Bhd	0.995	1.550	0.555	55.780
26 Dijaya Corporation Bhd	0.820	1.250	0.430	52.440
27 Sime UEP Properties Bhd	4.180	6.000	1.820	43.540
28 Daiman Development Bhd	1.350	1.800	0.450	33.330
29 Paramount Corporation Bhd	1.920	2.510	0.590	30.730
30 Boustead Properties Bhd	3.040	3.820	0.780	25.660

* 06/09/06 special dividend payment of RM4.7013 per 100 shares of consolidation of 1 : 2 RB Land shares.
**The turnover and profit before tax for Sunway City have been annualized as there was a change in financial year which resulted in accounts of more than 12 months.
***22/05/07 rights issue 1:4 Metro Kajang shares at RM3.30 per share.

Top property developers' Merdeka wish

Malaysia ushers in 50 years of nationhood and *City & Country* asks the country's top property developers their Merdeka wish.

As expected, the list is varied but a common hope expressed is that Malaysia will continue to flourish; that the government will continue to boost the economy and investments; and that Malaysian builders will be more fervent in upholding quality and professionalism.

Clearly, as cliché as it may seem, everyone wishes for political stability and harmony among all Malaysians.

Read on for the thoughts of *The Edge* Top Property Developers 2007.

S P Setia group managing director/CEO **Tan Sri Liew Kee Sin**

Success will come naturally if there is peace and harmony. No matter how good we are, if there is no peace, we are nowhere. Be a Malaysian, so that we can all grow together.

I hope there will be less racial issues. Why are we talking about this over and over again even after 50 years? For us to keep harping on racial issues shows that something is wrong somewhere in the system. We must start changing the system. That's my only wish.

IGB Corp managing director **Robert Tan**

I wish the country will continue to have political stability. This country is so blessed with natural resources, peace and harmony. It is such a fantastic place to live. As long as we have political stability and not allow extremism and fundamentalism to infiltrate the system, I think we are okay.

We also need to control corruption and reduce red tape, which we are already trying to do. But, of course, there will be ups and downs. In a global economy, something that happens overseas will also affect us, directly or indirectly. So, on some days the crystal ball will be clear while on some other days it will be cloudy. Don't talk about the next 50 years. It is even difficult to project the next 24 hours. Growth in the property sector depends on the overall growth of the country. So, if the country has political stability, steady growth, if we control corruption and the money meant for certain projects actually goes to those projects and not to someone else's pockets, then our country will be rich. There is no place like Malaysia.

Group executive director IOI Properties **Datuk Lee Yeow Chor**

My Merdeka wish is that all my peers in the property industry uphold quality and integrity as their business values. Together, we should strive to maintain a good image and instil professionalism in the industry so that the industry can gain the trust and confidence of the public at large.

Sunway City managing director for property development **Ngian Siew Siong**

To repeat an often-repeated cliché, "the world is becoming more borderless". We Malaysians must be ready to compete on a global scale because in a competitive, borderless world, property investors must aim for quality and value in the living environment. The way to prepare ourselves for the globalisation juggernaut is to refine our trade and economic pacts to further liberalise our market.

We should be prepared to face the challenge of foreign property developers' participation in the Malaysian market by adapting quickly and being more proactive to meet the unique demands and expectations posed by their entry. Once we have met this challenge at home, we will be better prepared to venture beyond our shores and become an international property icon.

Our hope is to work hand in hand with the country to retain local and attract foreign talents by providing the best for them. The brain drain is affecting us dearly. Talents include not only professionals but also sub-professionals and skilled artisans. Talent is also necessary for us to compete globally.

It all lies in our mindset — the world is our market.

I & P group managing director **Datuk Jamaludin Osman**

My Merdeka wish for the property sector is that it will enjoy steady growth in tandem with the country's growth and that it will reach out to the international market and turn Malaysia into the preferred address or destination for holidays, second homes, and commercial and industrial investments.

I also hope that government policies will continuously support the property industry through relevant measures and that financial institutions will find more creative financial packages and not merely use the conventional approach.

Those in the industry should have the same goals towards increasing quality and providing quality work. Infrastructure must be efficient regardless of where the project is located. With government support, we will be able to house the population.

Sime UEP Properties managing director **Jauhari Hamidi**

We have started to see many new things. I believe the industry is catching up compared to other Asean countries like Singapore and Vietnam. The property markets in these countries are more vibrant and exciting compared to Malaysia's. We have to ask ourselves why we can't attract that kind of vibrancy. The Malaysia My Second Home programme is attracting a number of foreigners to our shore and the latest efforts by the government to boost the property sector like waiving real property gains tax and granting approval to foreigners to buy properties here are helping. However, the industry itself has to take the cue and start building up its products to a standard where they meet the expectations of foreigners who are looking to invest. This is my Merdeka wish.

Boustead Properties executive director **Datuk Ghazali Mohd Ali**

My sincere wish is that we will continue to enjoy peace and prosperity that the nation has worked hard to achieve in the last 50 years. As for the property sector, we hope that there will be further incentives to attract foreign investors to put their money in the Malaysian property market. I also hope the public delivery system for the property sector will be effective so that cost of production can be reduced to enable all strata of society to own homes.

BRDB CEO **Datuk Jagan Sabapathy**

My first wish is to bring the "Malaysian" to the fore of our society. After 50 years, it's high time we moved away from an ethno-centric society.

The second is to invest and develop our education system so that we have the best talent at our disposal. We're a relatively small nation and the quality of our students will determine our future.

Achieving the goals of Vision 2020 will also require a strong institutional framework. More emphasis needs to be put on this to meet the challenges of growth.

E&O Property Development managing director **Datuk Terry Tham Ka Hon**

In the past few months, the government has demonstrated that it is keen and serious in promoting Malaysia as a country for real estate investment. The relaxation of the Foreign Investment Committee rules and removal of real property gains tax, not forgetting ongoing promotions in the Malaysia My Second Home programme, clearly show to the outside world that this is a fantastic place for investment. The unveiling of the Iskandar Development Region and the Northern Corridor Economic Region is also good for the property industry, giving potential investors an inkling of what's being planned. The issue that we have to address now is scepticism expressed by some foreign investors about their implementation. I believe as time goes by and things are implemented effectively, the doubt will be erased.

Another issue is consistency. We have to understand that property investment is long term, not like stocks which can be liquidated with a mere phone call. Hence, the good government policies should be maintained consistently so that investors could feel at ease. This will help the industry grow.

Sunrise executive chairman **Tong Kooi Ong**

We wish that Malaysia's progress will stress the following key areas:

- A more effective education system to create fundamental competencies and where the practice of meritocracy is instilled;
- Leadership by example to be practised in all organisations;
- A culture of learning and sharing among Malaysians so that the performance bar is continually raised; and
- Last but not least, a greater degree of freedom and justice.

| BY SHARON KAM |

Looking into the future

Industry veterans on what's ahead for property development

LEE LAY KIN/THE EDGE

Over the last 50 years, Malaysian developers have come a long way and helped chart the country's development into what it is today — robust, modern and beautiful

In the spirit of Merdeka, members of the *The Edge* Top Property Developers Awards 2007 judging panel who are veterans in the property industry indulged in a moment of reflection on the industry's progress thus far. They also shared their thoughts on the future, offering a glimpse of the shape of things to come.

Over the last 50 years, there is no doubt that Malaysian developers have come a long way and helped chart the country's development into what it is today — a robust, modern and beautiful country. However, there is still much to be done and more opportunities for the taking as our experts tell us.

"Today, we have some of the best developments, such as master-planned townships and highrise buildings which are some of the tallest in the world. Just look at the recent World International Real Estate Federation (Fiabci International) awards; so many Malaysian developers won, so we do have the ability to move ahead," says Datuk Jeffrey Ng. And they are quickly doing so even beyond Malaysian shores.

"Developers have gone a long way. Even some small developers have made investments overseas. They have been successful and lauded by the governments of these countries as good developers. So we are a real success story and we have nothing to be embarrassed about," says Kumar Tharmalingam.

Datuk Teo Chiang Kok points out that Malaysian developers have done some good housing developments and buildings. "I am amazed at the speed of innovation we have adapted and expectations of consumers in wanting these innovations that pushes us in the industry to higher levels so much so we can go overseas to develop," he says.

Ng believes the progress the industry has made is a result of the "consultative" nature of the private sector's relationship with the government, citing the recent implementation of the various new housing-related Acts. But in the same breath he notes that it had taken four years for the Acts to be implemented. "In a globalised world, ideas are moving fast but here, the execution of ideas is slow. We want it fast but can the system move as fast? Although there is some willingness at the Cabinet or top government level to make changes, there are still problems at the operation level," he adds.

Government policies

This is a sentiment echoed by the other panel members. The same concern is expressed over the recently introduced measures to stimulate the property industry and to make the country more business-friendly, such as the Real Property Gains Tax (RPGT) exemption and the steps taken to speed up the delivery system.

"A lot of government policies and guidelines are lost by the time they come down to the ground level. We have issues with transparency, consistency in implementations of policies, and so on. For instance, while we open our doors to foreign direct investments and try to make Malaysia a shopping destination, we see the authorities requiring foreign brands to give 30% equity to bumiputeras. So, there are conflicting signals as to how welcoming we really are," says Teo, adding that the government must be clear and consistent in its goals and to ensure that all sectors of the government, from top to bottom, move in the same direction.

"We have had so many dialogues with the government to put our points across. Although the climate is changing, the change is not fast enough to change the image of Malaysia to be a friendly country for investors," he says.

Datuk Eddy Chen says it would help the industry's growth if there are consistency and predictability in government policies, citing the implementation of the RPGT exemption for example. "The main beneficiaries of this exemption, the foreigners, will be waiting to see how long this exemption will be implemented because as investors, they would like to know what is the future like for their investments. For instance, will we see a hot market here like in Singapore two years down the road and will the government then change its mind about the RPGT?" asks Chen.

Panel members also believe that the housing industry would do even better if certain controls currently imposed on the industry were removed. As Datuk Alan Tong says, "Our developers' hands are somehow still tied and they are not able to operate like developers in other countries. This could be a reason some developers are going overseas because it is easier to do business there than here." Another area of concern is the quality of developers and builders as the country has yet to find a long-term solution to the country's lack of quality and skilled manpower in the construction industry. "We still depend on foreign workers so we need to have incentives for Malaysians to take over in the long run. The longer they [foreign labour] stay in the country, the more exposure they have to the job and the better workers they become. But unfortunately, most will eventually leave with their skills," says Tong.

He adds that the Construction Industry Development Board has lost its focus along the way. "The industry is sort of neglected with no one really looking into its future manpower."

Teo, on the other hand, feels there is nothing wrong with migrant labour for low-skilled jobs because "we do not expect Malaysians to do them; otherwise, it would be difficult to meet demand. But Malaysians must improve and increase their value as knowledge workers."

Tan Sri Mustapha Kamal Abu Bakar says generally, quality has improved but greed has come into the picture and affected quality. He hopes developers would focus on seeking opportunities not only for themselves but also for the country.

Cyberjaya

One such opportunity lies at home in the form of the intelligent city of Cyberjaya. "There were very few developments 25 years ago when I first started in the business, but today we have an IT-focused development like Cyberjaya. I am not saying this because I have interest in the place [Mustapha is the chairman of Setia Haruman, the master developer of Cyberjaya] but look at what it can offer," says Mustapha.

Cyberjaya is aimed at multimedia industries, research and development centres and multinational corporations that want to conduct their activities, using multimedia technology. It is one of the measures taken to eventually transform Malaysia into a knowledge-based society. And to attract multimedia and IT companies from around the world, a Bill of Guarantee has been drawn up. The provisions in the Bill include allowing unrestricted employment of local and foreign workers and exemption for MSC-status companies from local ownership requirements.

Besides the Bill of Guarantee, Mustapha says there are customised incentives the likes which one has never seen before. "Developers can help the country by getting into this sector and tell the world what we have here. Rather than competing, we need to complement each other in attracting FDIs to Cyberjaya," he adds.

The conditions are conducive enough, he says. "More IT companies are setting up here, and this will in turn create a positive spillover for the property sector. For instance, the IT company Satyam is now in Cyberjaya and may possibly create about 2,000 jobs, and this means you need housing for these workers."

While Mustapha has high hopes for Cyberjaya, other panel members like Chen feels that the future of the industry hinges on the overall economy, which, right now, is seeing positive growth. "Commodity prices are rising and the government has announced a pay hike for civil servants, so this will translate into expenditure and will benefit businesses. So, we will see some growth there."

Chen adds that a large part of our population would need housing in future. "More than 80% of our population is below the age of 34. Our population is growing at the rate of 2% to 3% translating into 500,000 people a year. The medium-income group will continue to be large while suburbs and townships outside Kuala Lumpur city centre will continue to come up to cater to the mass market." Hence, he believes that going forward, the growth area would not be the speculative sector of the market but the affordable owner-occupier market. There would also be a movement, although not a big shift, towards the build-and-sell concept of building houses.

Urban renewal

As for Ng, he foresees a greater re-urbanisation of towns in the near future. "Right now, development is still fragmented with small developers building pockets of housing in small towns but these pockets will be redeveloped and become one big township."

As the industry matures, he says, more players, especially the larger ones, will come up with even more quality developments of international standards. "We are already seeing masterplan developments, while township developments are evolving. We would also be venturing overseas on a greater scale and I would like to see property developers work together as a consortium to develop overseas because as a group, we are stronger and make a greater impact."

Meanwhile, Tong says urban renewal should be a continuous process and older neighbourhood of terraced houses should be redeveloped via master titles that include the roads between the houses instead of the rows of houses alone. " I hope something like that can be done ni the future,"he says.

No one knows the future but there is optimism that the industry will be able to face the challenges the next 50 years will bring. As Kumar puts it: "We have come a long way despite obstacles and we will continue to find ways to work around obstacles." E

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S P Setia: Continuously raising the bar

| BY DIANA CHIN |

Market differentiation and value creation — these words keep popping up in Tan Sri Liew Kee Sin's conversation when *City & Country* met him at the new show village in Setia Eco Park. As he proudly shows off seven recently completed eco villas named after the constellations, Liew points out that it's not always about size. The 2 to 3-storey bungalows offer built-ups of around 3,300 to 4,600 sq ft. Not large, says Liew, but they are unique. Modern in design with flat rooftops that can be turned into floating gardens, the villas also operate partly on solar energy.

"Our aim is to bring gardens into the home — to inject not only some greenery into the environment but also to help cool down the entire house," explains Liew. Whether it's on the ground, first or top floor, the open terraces allow each homeowner a free hand to turn it into a lush tropical oasis.

"It's about market differentiation and creating value. That's how we push our prices up," says Liew, the group managing director and CEO of S P Setia Bhd. This is the third year running that the company has come up tops in *The Edge* Top Property Developers Awards. What's different this year, though, is the fact that S P Setia has also taken the lead position in the qualitative attributes.

The company, and Liew personally, take quality very seriously. There is the Singapore developed CONQUAS system, which measures workmanship quality of completed projects and an internal quality control system that reports directly to Liew. "We hold our people accountable. They have to pay a penalty if they do not meet our requirements," he says. By "people", he means S P Setia's contractors and consultants. But how does one set such standards and hope to be fair about them when quality is so subjective?

"Most people know I'm a fair person," was Liew's reply. He penalises those who do not meet the company's standards, but rewards those who exceed expectations. According to Liew, the system that was put into practice two years ago is showing results today. S P Setia is also the first developer in the country to offer purchasers an 18 + 18-month home warranty period, which it launched in May last year.

While the emphasis on quality is high on Liew's list, security has also become a rising concern. The "openness" of Setia Eco Park is a challenge. Despite high perimeter fencing, CCTVs and 24-hour guard patrols, there have been attempted break-ins. "Security is an issue that many developers are facing today," says Liew matter-of-factly. To ease concerns of its first batch of residents who moved in just after the Lunar New Year this year, the developer has assigned one guard to each house. Liew says it will continue to do so until the population increases.

He goes back to value creation. To encourage people to move in and ensure a certain level of vibrancy in the development, S P Setia targets to open its clubhouse for Eco Park residents early next year. Following suit will be a 4-storey office tower targeted at professionals looking for smaller office spaces and an international school to attract the expatriate community. For the moment, the developer will take up three floors of the office tower when its headquarters moves from Puchong.

Liew: It's all about market differentiation and creating value. That's how we push our prices up

S P SETIA

FINANCIAL YEAR END JUNE 30 (RM MIL)

Item/year	2006	2005	2004	2003	2002
Revenue	1,155.64	1,262.45	1,025.09	821.74	647.57
Pre-tax profit	332.05	289.77	234.62	179.10	148.18
Paid-up capital	498.51	490.73	568.04	559.42	431.00
Shareholders' funds	1,702.41	1,574.34	1,392.21	1,267.45	924.86
Profit attributable to shareholders	238.23	203.38	161.20	126.03	103.62
Dividend payout ratio (%)	60	58	51	43	28

ONGOING LAUNCHES

Project/location	Type	No of units*	GDV (RM BIL)	Launch date	Take-up (%)
Setia Eco Park	Semidees and bungalows	3,000	3.5	June 05	85
Setia Alam	Mixed township	25,000	5.5	April 04	86
Bukit Indah Johor	Mixed township	16,000	3.3	May 97	95
Setia Indah Johor	Mixed township	7,700	1.7	Jan 01	98
Setia Tropika	Mixed township	7,800	2.0	Sept 05	80
Setiahills Ampang	Bungalows	45	0.11	Feb 07	70
Setia Pearl Island	3-storey terraced and semidees	1,000	0.9	April 07	80

*Total number of units for entire project
**Take up as a % of cumulative launches as at 30 June 2007
*** GDV: Gross development value

IN THE PIPELINE

Project/location	Type	No of units	GDV (RM MIL)	Expected launch
Setia Vista	3-storey terraced and semidees	723	150	FY2008
Setia Walk	Commercial	TBC	674	4Q FY2007
Setia View	Bungalows	102	275	FY2009
Setia Sky	Residences high-rise condo	TBC	600	FY2008
Setia Nexus 1 & 2	Commercial	TBC	TBC	FY2008
Duta Grande	Bungalows	19	300	FY2008
Eco LakeMixed	Township	TBC	2,040	2Q FY2008
Setia Eco	City commercial	TBC	TBC	TBC
Setia Park Residences	High-rise condo	TBC	580	FY2008
Setia City	Commercial	TBC	TBC	NA
Setia Eco Gardens	Mixed township	TBC	2,000	FY2008

TBC: To be confirmed

Liew barely takes a breather as he moves from one topic to another, sharing the group's plans for its different projects in different locations. The energy oozing out of him is infectious. One cannot help but share in Liew's excitement as the group prepares to expand its portfolio of projects to include an overseas market, highrises and commercial developments.

In full gear

In June, S P Setia entered into a joint venture with Vietnam's Becamex IDC Corp, a state-owned conglomerate, to develop a master-planned community called EcoLakes in Binh Duong Province, 40km north of Ho Chi Minh City. The project will comprise terraced and semidee units, villas, apartments and condominiums. Its target market will be the people working in MyPhuoc Industrial Park (MPIP), which has some 1,800 factories.

"We are not interested in people living in Ho Chi Minh City but those who commute daily to work in MPIP," Liew clarifies. He has already visited some Malaysian-owned factories there where owners have expressed interest in buying a few units to house senior management staff. Liew is confident the homes will sell. "All we need is for each factory to buy two to three units and we're home free."

On home ground, the highrise development on Jalan Tun Razak will be another first for S P Setia. Called Setia Sky Residences, the project is targeted at yuppies who cannot afford to pay KLCC prices but want to be close by. "We're thinking around RM400 to RM500 psf," says Liew of the pricing. According to him, each unit will have a view of KLCC by virtue of its elongated tract.

Moving on to its commercial offerings, Liew says S P Setia is ready to launch Setia Walk in Puchong soon. This will be a themed shoplot development — a hybrid between shoplots and shopping mall. "The shoplots have been planned in a curve, looking in to the water feature in the middle so that every shop is a good lot," says Liew. There will be 84 lots with indicative pricing of RM3.5 million to RM4 million per block. Again, to "create value", S P Setia is matching potential buyers with tenants before they begin development. It has created a dedicated team to market this product.

In the high-end segment, the developer is looking forward to the challenge of building 19 exclusive bungalows in Kenny Hills. The minimum price set for each unit is RM15 million, going up to as high as RM25 million. The units will occupy land area ranging from 12,000 to 15,000 sq ft. The project will be a benchmark for the industry in that it will be the first time a developer is placing such pricing on ready-to-market bungalows. If all goes well, the design concept will be presented to potential purchasers this month. It will be based on 15 "DNAs". Says Liew: "At the planning stage, we asked ourselves what a purchaser would want if he/she had to pay RM15 million.

"For example, the man of the house would probably want enough space to accommodate 10 cars and maybe a tool room, while the lady would want a large kitchen and perhaps an open dry kitchen connected to the play area for children. Other requirements would be things like security and so on. We label these needs as DNAs and make sure each home we've planned will contain the DNAs agreed upon."

Branding matters

With products ranging from townships like Setia Alam (Shah Alam) and Bukit Indah (Johor Baru) to high-end enclaves like Duta Nusantara, Duta Tropika and Setia Hills, how would one categorise S P Setia?

"I've been told that a developer can only be mass or niche. Not both. What we've done at

ABDUL GHANI ISMAIL/THE EDGE

S P Setia is to brand our products accordingly so that it is possible to be both," says Liew. Its products are categorised into five brands — Setia, Eco, Duta, Residences and Commercial. These would cater to mass housing, eco-themed projects, high-end homes, highrises and commercial projects respectively. For Liew, it means switching hats at the respective meetings. "I only have to focus on one brand at a time. It's actually more for internal purposes so that our people know what to expect for each brand. I always say it now. Five brands and two countries [referring to Malaysia and Vietnam]," smiles Liew.

Branding its products also allows the developer to better plan its marketing strategies. Liew knows that design and pre-marketing are important today as competition is stiff. As each developer tries to outdo the other for better market share, S P Setia's formula for success is simple. "We have to continuously up the bar in all our projects. It's tiring but I enjoy it! And perhaps that's the only way to sustain the business."

However, he is quick to add that the ideas do not come from him alone. "It is impossible for one man to come up with so many new ideas." The ideas are gleaned from the quarterly marketing forum that each general manager (GM) of a brand presents to Liew. "You'd be surprised how ideas can evolve in just three months. If they (the ideas) do not work out, the GM is accountable and has to come up with better ideas that work."

He agrees that it is not easy but makes it up to his staff in terms of higher remuneration. They also get the chance to travel overseas frequently for exposure. Ideas that were born from the marketing forum include the 18 + 18-month guarantee and the badge that all employees wear with the words "live, learn, work, play" emblazoned across.

Appreciating human capital

As with all employers, the worry is staff turnover but at S P Setia, not many people leave. "Most of my managers have been with me for the past 15 years," says Liew, unless they are "pinched" by other developers. To circumvent this, staff salaries have been increased "substantially" last month. Besides this, a new training programme has been introduced. Called "people's personal best performance", the programme seeks to identify and train capable staff who will be able to assume key positions in the company one day.

The Setia Training Centre was set up two months ago, where staff are grouped in different categories according to their strengths. Training is then provided to nurture these strengths. "We are investing a lot of time and money in our people, but I see it as necessary. A company may have ideas and money, but if it does not have the people, we are nowhere," says Liew. The man whose hobby is collecting toy soldiers and planning battle strategies sees business the same way.

"As the battlefield gets bigger, we need to equip ourselves. Our training centre has identified people who will be able to lead us in the China market. We will go when we are ready," he says when asked about other possible overseas ventures. The reason the group is confident with Vietnam is that it had set up an office a year earlier before the Becamex JV just to study and understand Vietnamese business culture. It is the same for China.

"For the group to grow, changes have to keep coming. My people will have to grow and if they can drive the business for me, I see a very bright future." E

Time to explore foreign opportunities

***City & Country:* Briefly, how do you see the industry evolving in the next 50 years?**

Tan Sri Liew Kee Sin: Half a decade is a pretty long and distant period to predict anything with any degree of accuracy, but I'll share some of my thoughts on this. I foresee the property industry becoming more internationalised and competitive, especially given the recent initiatives to open up the market to foreign ownership of property. Whilst there have been sceptics who argue that this will lead to a significant increase in speculative activity and price most locals out of the property market, I feel that local homebuyers will see positive benefits as far as quality and specifications of residential properties are concerned. Foreigners, used to the high-quality finishes in countries like Hong Kong, Singapore and London, will not tolerate substandard finishing.

Property developers that deliver top-quality properties will win the lion's share of the market, those who continue to delivery shoddily finished units will lose out. In this respect, local players will not only compete with homegrown names but also with foreign developers that are already flocking to our market in droves, and who are well accustomed to catering for more demanding homebuyers.

This trend will become more pronounced with the blurring of national barriers brought about by globalisation and the liberalisation of economies, which again is something we are already beginning to see in Malaysia, particularly in the Iskandar Development Region. In this context, I believe it is imperative for local property developers to grow bigger in size and consolidate their position either through organic expansion, alliances or mergers and acquisitions. Granted, niche players will still thrive in the property sector, but to establish and maintain any meaningful presence in the global property market, Malaysian developers need stronger financial muscle and geographical spread to take on regional heavyweights such as Hong Kong's Sung Hung Kai Properties and Singapore's CapitaLand, to name just two. I believe growing domestic consumer awareness and activism learnt from global trends will propel the industry towards greater standards of quality and innovation in areas of construction, architecture and property management. With the industry becoming increasingly self-regulating, as indicated by the recent adoption of the Certificate of Completion and Compliance, the onus is on industry professionals to uphold the industry's reputation by meeting the most stringent standards of construction, compliance and quality.

As for development trends, I foresee most property developments spreading and moving away from the congested city centres. More suburbs and satellite towns will spring up. Businesses are also moving away from the towns to business centres in mixed integrated developments. As for the build-then-sell (BTS) system, more concrete measures need to be in place for it to be viable and widely accepted. Now, the incentives are tailored for developers but the demand side of the equation has not been addressed. Given relatively stagnant income levels, measures such as allowing monthly EPF withdrawals for mortgage repayments need to be in place to address the affordability aspect and encourage buyers to opt for the BTS system. Otherwise, there may be no reason for homebuyers to switch from the present sell-then-build (STB) system, which presumably allows developers to sell houses more cheaply because it entails lower risk for them. Hence, if the status remains unchanged, I believe there is a strong chance that both the systems will continue to co-exist as dictated by market forces: more risk-averse homebuyers will probably be prepared to pay more and opt for the BTS whilst low-income buyers will stay with the existing STB system.

What will be the emerging trends in the living environment?

The looming climate crisis, coupled with the need to conserve the finite supply of natural resources, have magnified the trend towards "green" living in recent years. The scarcity of resources has also driven home the need to safeguard our planet for future generations to come. This has intensified the need for developers to ensure sustainable long-term development. Sustainability calls for the awareness of the fragility of the environment and the inter-dependency of the ecosystem. As observed, the wave of green-themed developments the world over is an indication of things to come in Malaysia. Citizens will become more environmentally conscious and seek living spaces that rekindle their connection with nature. They will go for ecologically friendly homes that can harness free sources of energy, such as solar and rainwater, instead of consuming the fast-depleting gas and oil. Homes that leverage on green technology to achieve a balanced living environment will become much sought-after.

Going forward, what are the challenges that you foresee?

Competition from global property developers and increasingly demanding homebuyers are the key challenges. These have already been described in the answer to the first question.

How can the industry in general and your company in particular address these challenges?

As a rapidly growing company in an extremely competitive industry, there is always the need to keep pace with the changes in global trends or risk losing out. One of the key global trends currently is for property developers, which have traditionally been tied to their home markets, to expand globally. Having established a foothold in the local property market and gained international recognition for our projects, I feel the time is now right for us to transplant our property development expertise to foreign markets. We recently formed a joint venture in Vietnam with a state-owned conglomerate to develop our maiden foreign project just north of Ho Chi Minh City. As Malaysia's market is relatively small, there is a real need for us to explore viable foreign opportunities, branch out beyond our shores from a position of strength and geographically diversify our earnings base. We will continue to test ourselves against other world-class developers and keep raising the bar to be the No 1 developer in all the markets we are operating in. We also need to ensure that our people are kept up to date with the latest and emerging global architectural, construction and marketing trends and ideas. With this in mind, I have sent many of them for study tours to various countries — such as the US, Spain, Indonesia and Thailand — to gain exposure and knowledge, which I hope will be beneficially implemented in all our projects.

As a developer, we not only respond to but drive future market trends. We started the green revolution many years back by equipping our projects with large green lungs and extensive landscaping that have won many accolades. As further testament of our green commitment, we developed the Eco range of township that takes the meaning of ecological preservation to new heights. The Setia Eco Park project is a unique showcase of an "eco" sanctuary where man and Nature co-exist seamlessly. In fact, our Setia Eco Park project dedicated close to 200 acres of land for greenery, waterways and streams that form the perfect habitat for flora and fauna. Now that we have created the Eco environment, we are bringing the Eco concept into the homes. The new bungalows named EcoVillas, recently launched at Setia Eco Park, will be equipped with the Building Integrated Photovoltaic (BIPV) solar technology that generates electricity for home consumption while excess energy can be funnelled to the National Electricity Grid and offset against owners' electricity bill for cost saving. The EcoVillas also have rooftop tropical gardens and extensive water bodies, which are specially created to complement the BIPV system. The extensive rooftop greenery and water bodies help greatly in reducing heat and carbon dioxide emission. In addition, the air-conditioning system also heats the water supply while the rain harvesting contraption on the ground floor collects rain water that can be recycled for the decorative fountains and gardening needs. E

PATRICK GOH/THE EDGE

Tan: Mid Valley City has its own market. The nearest malls are in Bandar Utama and Sunway, so we are more or less here by ourselves

IGB: Creating developments with a difference

| BY SHARON KAM |

The past one year has been "very encouraging", says IGB Corp managing director Robert Tan. "The property market has been good, especially in and around the KLCC area. IGB's residential projects here under its premium brand Tan & Tan (IGB's property development arm) have done well with the Cendana and U-Thant Residence all sold out. As for the recent launch of Hampshire Place, "whatever we can sell, we have sold", he says. The hotel business has done well, too, and so has Mid Valley City, but one can tell that there is only one thing on his mind right now and that is The Gardens (the shopping gallery will open in a few weeks).

Sure enough, Tan declares: "The focus now and in the next few months will be on The Gardens and nothing else. A lot of investment has been put into the five-star component to ensure its success. It is a very important component of Mid Valley City."

This is the fifth year that IGB has emerged as *The Edge*'s Top 10 Property Developers and in one year, the view from the little balcony where *City & Country* took his picture a year ago has been dotted with the impressive structures of The Gardens.

"It is going to be different," he says, not for the first time. The place has been envisioned to be a chic high-end shopping gallery aimed at those who find Megamall a little too family-oriented for their discerning taste.

Tan brushes away suggestions of competition from new and existing shopping malls as he believes Mid Valley City has its own market because of its location. "We are not in town. The nearest shopping malls to Mid Valley are in Bandar Utama and Sunway, so we are more or less here by ourselves.

"I always tell people this: The KL population is around five million within a radius of 10km; for Mid Valley City, we are looking at 150,000 visitors a day or 4.5 million a month. So, we are looking at not even 3% of the population and that is more than enough for us.

"We are a city within a city, an 18 million sq ft city and we don't have to share with others," he says, but quickly adds that "this also means that the success or failure of our city depends on us alone".

One can understand the developer's obsession with Mid Valley City and its ardent fervour to make every component, including The Gardens, successful. IGB has scarce landbank hence the recurring income churned from Mid Valley City is vital to its future earnings.

"When we first started 30 to 40 years ago, it was just IGB, I & P and maybe a few other developers but today every other company listed on Bursa Malaysia is a developer; whether they are into manufacturing or plantations, they would be building something for sale. How to compete? It is a tough business which is why we came up with Mid Valley City, which will give us recurring income," he says.

Mid Valley City today contributes to half of IGB's profits. The Gardens is expected to increase the contribution, with Mid Valley City eventually contributing as much as 60%-70% to profits, says Tan.

"The Gardens is a project which, if it does well, will contribute to IGB substantially and be as successful as Megamall not in terms of traffic but in terms of turnover per sq ft. Megamall sees close to RM3.5 million visitors a month while traffic at The Gardens is expected to be half of that," he adds.

Hence, to ensure the success of the retail component of The Gardens, Tan reiterates that it is going to offer something completely different. "Be patient; in a few weeks' all will be revealed. It is not just about shopping. The food and beverage is going to be different, the best in the country."

Detailed planning, he believes, will be key to the project's success. "We cannot copy others; everything needs planning from infrastructure to marketing to tenant mix to the fine details."

This means it has to attract the right people to do the job, and IGB has invested a lot on human resource. "The team managing The Gardens shopping gallery is a completely different team, with international experience, including the CEO who is from Westfield, Australia. The architect is a top one who designed the Blue Water Shopping Centre, one of the largest shopping centres in the UK. From aesthetics to operations, the whole package must work."

The Gardens is a RM1.5 billion development which comprises two office towers (one million sq ft), a five-star hotel, a five-star serviced residence and a four-storey shopping gallery

CONTINUES ON PAGE 16

IGB CORP

An artist's impression of the recently launched Hampshire Place

IGB CORP

The Gardens, a five-star development, will open its doors later this month

'Evolve and define'

***City & Country*: Briefly, how do you see the industry evolving in the next 50 years?**

Robert Tan: We are proud to have achieved 50 years of nationhood as we believe that it denotes an exciting milieu of great things, moving forward. The progressive projects under the Ninth Malaysia Plan promises to spur economic growth and help turn Malaysia into a developed nation by 2020. We believe that this will be an integral impetus to the growth of the property industry in Malaysia.

We see niche developments that address the increasingly diverse and globalised marketplace as the evolving trend over the next five decades. Developers will plan and provide in tandem with the government's drive towards developed nation status and world-class living environments.

For the retail scene, looking at the short to medium term, we will obviously see the impact of further globalisation driven by the impact of global trends in marketing and the expansion of retail concepts from regional favourites of global brands. This is an advantage as more brands and operators will be looking to Malaysia as part of the expansion to drive growth and attract new markets. This will assist retail property developers in continuing to regenerate their assets and drive differentiation to an ever more demanding breed of consumers.

What will be the emerging trends in the living environment?

We see the following trends: increasing urbanisation, highly accessible connectivity, smaller and more diverse family sizes, demands for convenience, the desire for intimate private spaces and well as for great public/civic areas.

These will result in a blending of the built environment where old and new can sit side by side but increasingly with completely new highly desirable oases as urban renewal occurs. We are responding to the need to build in a sustainable manner for the future.

Going forward, what are the challenges that you foresee?

In retail, with further globalisation, there may be a watering down of local differentiation. Already as we travel the world, we see in different geographies more and more of the same brands and now, more often, in very similar architectural environments. This is a worry for the future as we unfortunately homogenise the globe and dilute, for our children, the richness of our diverse world.

We have taken steps for development and to meet the expectation of our customers on service and quality. Going forward, the challenges include sourcing suitable sites for development, and building in a rising-cost environment. With build-and-sell as a requirement for developers, holding costs will increase the cost of homes.

How can the industry in general and your company in particular address these challenges?

While we continue to look for opportunities to expand our landbank, we will leverage on our strong IGB and Tan & Tan branding, as the pioneer for luxury condominium and gated community developments.

Over the years, we have been a significant regional player and have been able to sustain a higher-than-average per capita retail asset base. This has led to the development of world-class retail centres, successful local retail businesses and a strong management structure to support the balance between these two groups.

It remains incumbent on us, as one of the leaders in property development, to always evolve, define and deliver new and better solutions but not to lose sight of our regional heritage.

Adding to that, a key determinant in future successes will be the ability to connect with the market place and react swiftly to technological and consumer trends. There will be a need for consistent reinvention and innovation to provide customers with the best in investment value and living environment.

The development of major hubs, as a venue for entertainment and enlightenment, for development of one's desires as well as satisfying one's needs and, through this, supporting a full breadth of mixed use development — has the potential to be a driving force for community development. We are already seeing this concept bearing fruit at Mid Valley City, and we are just evolving. We believe this will lead us to an exciting future ahead into the next 50 years. E

IGB CORP

FINANCIAL YEAR END DEC 31 (RM MIL)

Item/year	2002	2003	2004	2005	2006
Revenue	405.69	532.17	504.56	619.68	718.96
Profit before tax	114.49	184.36	141.74	173.36	202.03
Paid-up capital	572.07	581.81	706.94	730.28	732.52
Shareholders' funds	1,941.82	2,098.80	2,292.08	2,382.39	2,477.60
Profit attributable to equity holders	67.69	147.53	101.12	105.46	135.92
Dividend rate %	3.0	10.0	5.0	5.0	5.0

Note: With effect from financial year 2006, profit before tax includes share of results of associates net of tax. Associates' tax amounted to RM8.1 million for financial year 2006.

ONGOING LAUNCHES

Project/location	Type	No of units	GDV (RM MIL)	Launch date	Take-up (%)
Hampshire Place	Service residences	186	151	07	60
U-Thant Residence	Luxury condo	77	175	Aug 06	95
Laman Sieramas	Linked villas	49	37	July 07	15
Cendana	Luxury condo	152	285	Jan 05	98
Seri Maya Savanna	Luxury apartment	427	152	July 05	100

IN THE PIPELINE

Project/location	Type	No of units	GDV (RM MIL)	Expected launch
One Jelatek	Luxury condo	90	58	Oct 2007
Mid Valley Phase 3	Luxury condo	600	400	Feb 2008
MiCasa Hotel Residences	Hotel residences	245	205	Sept 2007
20 Ampang Hilir	Luxury condo	40	52	April 2008
6 Stonor	Luxury condo	106	290	June 2008
Sierramas Mews	Townhouses	24	36	July 2008
3 Desa Pandan	Service residences	218	90	Oct 2008

GDV: Gross development value

The Gardens formula

FROM PAGE 14

with 850,000 sq ft of retail space. The project has a gross floor area of 5.6 million sq ft. The hotel is targeted for soft opening by end November while the offices could be occupied by the beginning of next year.

Besides preparing for the opening of The Gardens, upgrading works are being carried out on the Megamall. About RM10 million is being spent to upgrade the car parks in the whole "city", while the traffic system has been improved.

Tan recalls that when IGB first began work on Mid Valley City more than 10 years ago, there were more than a few naysayers who thought that the development would fail and IGB would fall with it. "Some even said it would spell the end of IGB, but we have shown that we can build something like this and make it work against all odds. To them, I say, 'look at the product today'."

"It is true that the early years were boom or bust times. It was really difficult and we had cash flow problems, but today our financials are strong," he says.

In the residential sector, IGB has been a pioneer in a number of concepts in the property industry, such as condominium living, serviced homes and gated communities. It aims to keep coming up with new ideas to enhance the living standards and lifestyle of Malaysians.

"We strive to give people what they want and what they can afford. There is no point giving them something they want but cannot afford. So, our products are value-for-money," he adds.

Key to success

Tan feels that taking the extra mile in after-sales service has also been a key to IGB's success. "Being a developer is not just about building or selling. Service is very important, too. More often than not, we hear of developers washing their hands off once the owners move in, but over here we have people looking after them until they get their full strata title or until a management Corporation has taken over."

What is next? "It is very difficult to tell you something interesting after this project (Mid Valley City)," he laughs. He admits that IGB will be facing challenging times ahead in terms of new projects. "We don't have plantations or estate land to convert. Land is becoming increasingly expensive, so we have been focusing on small niche products, which we are good in and for which we are well known. We will continue to remain in this market." Among IGB's niche projects are the Cendana luxury condo on Jalan Sultan Ismail, the low-rise U-Thant Residence, Laman Sieramas linked villas and Hampshire Place serviced residences.

On future projects, IGB is in discussions with interested parties, locally and overseas, for land acquisitions and joint ventures but nothing concrete has come up yet. "We are looking at various countries, including the Middle East, where developers have approached us to see what we have done with this place (Mid Valley City). So, we are going there to evaluate and see if we can maybe do some project management or (whether we can jointly develop a similar 'city')."

"Globally, there are a lot of uncertainties in the property market nowadays and many countries are undergoing correction in the real estate sector. So, we are doing a lot of exploratory work to identify cities where we want to go. We will enter when the climate or price is right," says Tan.

Still, despite the uncertainties, he is confident that IGB will be strong enough to survive a downturn. Group revenue for last year was RM719 million, up 16% from RM619.7 million in 2005, with group pre-tax profit at RM202 million, 29.2% higher from RM156.3 million. All three divisions turned in positive performances: property development recorded a revenue of RM383.1 million, property investment RM209.7 million, and hotel RM120.7 million.

"The way we grow our company for the long term is by creating a trend of steady growth. We are happy with 10% to 30% growth annually because we want sustainable growth and this takes planning. If there is a downturn and, I believe there will be downturns, we will try to sustain and come out of the cycle even stronger. Our financials are strong and our gearing is very low. We don't have to worry about the bank breathing down our necks. We have charted a steady growth path which we intend to maintain," says Tan.

With its diversified portfolio of interests worldwide, the focus of IGB however lies mainly in ensuring the success of the 20.24ha Mid Valley City. Next year will see the launch of the last component of Mid Valley City in the form of 400 units of residences housed in twin towers.

On The Gardens, Tan says, "We have a formula to make The Gardens succeed, but the task now is get our people to follow and understand the formula. We need inspiration to attract people to The Gardens. It is going to be different, even the design is different. We have done five-star luxury developments, so we shall be able to deliver. Not many completely locally grown companies are able to deliver something like this." E

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IOI Prop: Profits rising every year

| BY ALLISON LEE |

Judging by the broad smiles and laughter that came readily from Datuk Lee Yeow Chor, it is safe to assume that the group executive director of IOI Properties Bhd is a happy man. He has every reason to be — 2006 had been a good year for one of the country's oldest property developers.

The developer's improved financials coupled with continued strong sales and successful penetration into the high-end property segment has showed up in its higher revenue and pre-tax profits. For the financial year ended June 2006, the group's revenue rose by 3% from RM591 million to RM609.2 million. More significantly, for the first time, its group pre-tax profit surpassed the RM400 million mark to reach RM427.6 million, a 31% jump from 2005's RM326 million.

A huge slice of the higher profit has come from the RM76.4 million disposal of the group's stake in IOI Oleochemical Industries Bhd. Still, minus this extraordinary gain, the group would have chalked up an 8% or RM25.1 million rise in pre-tax profit to RM351.2 million.

Things only seem to get better for IOI Properties, especially after the group revaluated its investment properties. The revaluation resulted in gains of RM134.9 million and stronger FY2007 results that managed to outdo FY2006's. FY2007's group pre-tax profits registered a significant increase of 30.2% to RM555.17 million and group revenue for the period climbed 15.7% to RM704.88 million.

"We have been increasing our profits on a steady basis every year. We manage to maintain a respectable profit figure and have yet to suffer losses. Even throughout the financial crisis of 1997/1998, we raked in RM150 million in 1998 and RM200 million in 1999," Lee shares with *City & Country* at the group's headquarters in IOI Resort, Putrajaya.

IOI Properties' sterling performance is reflected in its improved standing in *The Edge* Top Property Developers' Awards 2007. From fifth placing last year, the company has moved up to the third spot this year. For the record, IOI Properties has stayed in the Top 10 position since the awards were introduced in 2003.

Commercial allure

IOI Properties may be synonymous with the development of its two flagship projects of Bandar Puchong Jaya and Bandar Puteri Puchong, but Lee is steering the group from being merely a homegrown mass housing developer to a diversified property player.

The group has township projects scattered from Puchong to Klang and Johor and have landbanks in Penang and Melaka.

"We not only concentrate on building residences, but commercial, retail and office buildings as well. We lease out properties for steady recurring income. Currently, 10% of our profits is derived from rental income and investments. In four to five years, we expect this division to play a larger role, contributing a significant 30%," he shares.

IOI Properties owns enough commercial properties to be lumped into a Real Estate Investment Trust (REIT), but Lee says the company would rather wait in order to realise more value.

Among IOI Properties' portfolio of investment properties are two shopping malls — IOI Mall in Bandar Puchong Jaya and IOI Mall in Bandar Putra Kulai, Johor Baru — and several business parks and office buildings, including IOI Business Park in Bandar Puchong Jaya, IOI Square in Putrajaya and IOI Plaza in Singapore. The group also owns and operates two hotels, the Marriott Hotel and Palm Garden Hotel, both in IOI Resort, Putrajaya.

HARIS HASSAN/THE EDGE

Lee: We will carry on launching new townships in high-growth areas that can guarantee fast returns

The total gross rental from IOI Properties' investments for FY2006 amounted to RM50.9 million, up 18% from RM43.3 million before, with net income rising by 27% to RM30.3 million from RM23.8 million.

Among the notable future plans for the developer are a 400,000 sq ft extension to the 634,984 sq ft IOI Mall, the IOI Corporate Square in Bandar Puchong Jaya and IOI Corporate & Financial Centre in Bandar Puteri Puchong.

Lee, a former magistrate, describes IOI Corporate Square as modern shop offices-cum-corporate suites housed in a boulevard. IOI Corporate Square will have 60 units of 5 to 8-storey shops, while IOI Corporate and Financial Centre would feature five blocks of signature offices on top of a retail podium.

"For the past three years, the proportion of commercial sales has been increasing — ranging from 35% to 50% of our sales value. We have managed to achieve that because our mature townships create a strong demand base," he says.

The developer has also capitalised on the strong demand for commercial shopoffices in the Klang Valley, by launching more of such products. So, despite selling fewer residential units, total property sales for the group still expanded by 10% to RM516.9 million in FY2006.

Core business

IOI Properties may be a diversified developer, but Lee has not forgotten about township development, which has always been the group's core business. "We will carry on launching new townships in high-growth areas that can guarantee fast returns. By year-end, we will be putting out two new townships, one in the Puchong-Seri Kembangan growth area and the other in Kempas, Johor," he adds.

The Iskandar Development Region and Penang are often regarded as "hotspots" and Lee points out that the group has been in those areas for more than 10 years, thus giving it a foothold. For FY2006, some 84% of the group's sales value came from its Klang Valley projects and the rest from its Johor projects.

IOI Properties' two projects in Kulai, Johor are the 4,860-acre Bandar Putra and the 224-acre Taman Lagenda Putra. The developer started

IOI PROPERTIES

FINANCIAL YEAR END JUNE 30 (RM MIL)

Item/year	2006	2005	2004	2003	2002
Revenue	609.20	591.04	678.06	494.45	528.85
Pre-tax profit	427.63	326.20	326.24	240.32	245.21
Paid-up capital	332.67	332.67	332.67	332.67	332.67
Shareholders' funds	1,905.72	1,753.65	1,663.43	1,530.21	1,416.03
Profit attributable to shareholders	326.21	237.49	228.18	177.41	163.61
Dividend payout ratio (%)	47	50	47	54	51

IN THE PIPELINE (selected projects)

Project/location	Type	No of units	GDV (RM MIL)	Expected launch
Vistaria Bandar Puchong Jaya, Selangor	2½-storey terraced house	81	60	Oct 2007
IOI Corporate Square Bandar Puchong Jaya, Selangor	5-/7-storey shop / corporate office suites	60	300	March 2008
Sierra Puteri, beside LDP Puchong toll, Selangor	2-storey terraced house	250	88	Feb 2008
Puteri Palma Edition Two, IOI Resort, Putrajaya	Medium-rise resort style condo	230	138	July 2008
Puteri Kempas, Johor Bahru	2-storey terraced house	300	75	March/June 2008
Fettes Heights, Tanjung Tokong, Penang	35-storey luxurious condo	188	130	May 2008

GDV: Gross development value

KENNY YAP/THE EDGE

A 400,000 sq ft extension is expected for IOI Mall, Puchong

IOI PROPERTIES

The Seaview Collection marks IOI Properties' first offshore property development venture

IOI PROPERTIES

The IOI Corporate & Financial Centre in Bandar Puteri Puchong will offer signature offices on top of a retail podium

Need to be innovative

***City & Country:* Briefly, how do you see the industry evolving in the next 50 years?**

Datuk Lee Yeow Chor: In the next 50 years, as the population growth in the country slows down, less residential units will be built. Those residential units that will be built will mostly be in the inner city areas and a large number of them may be converted from old buildings, which may be commercial or institutional such as old government buildings or rundown sports complexes. There will likely be more commercial developments such as retail centres and offices for the affluent locals, tourists and foreign investors. More high-tech industrial parks and warehouse centres will be built as the nation's economy evolves into a more a service-oriented one.

What will be the emerging trends in the living environment?

As the residential units in urban areas become more expensive and congested, the urban working population will move further and further away from the cities. As a result, more satellite towns will be formed and they will be a short ride away from the cities.

The more affluent city dwellers will likely have two homes: one in the city for weekdays and a larger one in the countryside for weekends.

Going forward, what are the challenges you foresee?

House purchasers who become more affluent and well-travelled as the nation becomes a developed country will demand higher standards in materials, construction and after-sales service, which are comparable with the best in the region or in the world. Also, as the housing market becomes smaller and the purchasers become more selective, they will buy houses only when these houses are completed or nearing completion. Hence, the developers will have to be financially strong and inevitably some consolidation will take place in the housing industry.

In the commercial property sector, more commercial developments will be built for leasing only or for en bloc sale after their completion. Hence, the commercial developers will also have to be financially strong. There will also be more intense competition in the property industry as foreign developers with track record and financial capacity become players in the industry.

How can the industry in general and your company, in particular address these challenges?

The industry and we as a player will have to be more conscientious, do more research and learn from experienced consultants and successful projects all over the world. Also, we have to be innovative and adopt an uncompromising quality mindset. E

Bandar Putra in 1994 and to date some 2,400 acres have been developed. While Taman Lagenda Putra, a freehold mix development project was initiated in 2005 with some 100-acres left to be developed.

The market can also expect more luxury homes from the group. "We've built semidees worth more than RM1 million, bungalows above RM2 million and condominiums priced from RM600,000. Thus, we are established and have the expertise to offer upscale products," he says.

IOI Properties recently bought a tract near the British Embassy, off Jalan Ampang. Coming up on the site will be high-end condos, which the developer plans to launch within 15 months.

Asked about the developer's commitment towards product quality, Lee: "Of course, we have made a lot of effort in this direction. We obtained our ISO 9001 accreditation seven years ago. We are aware that when it comes to offering high-end products, good quality is a given. Thus, we strive harder to improve our overall housing delivery system," says Lee.

Singapore

Like many major developers, IOI Properties is venturing outside Malaysia. Its wholly-owned IOI Land Singapore Pte Ltd and 50:50 partner Singaporean developer Ho Bee Investment Ltd have won the tender to develop a prime piece of land in the world-renowned Sentosa Cove in Sentosa Island.

"The site is right next to the sea and is bordered by the award-winning Tanjung Golf Course. This is truly a great learning experience for us to be part of the Sentosa Cove integrated development," says Lee. The 3.6-acre site will house 125 condo units, with a gross development value of approximately S$850 million (about RM1.94 billion) and is slated for launch by early 2008.

Despite being buoyant about the Singapore venture, Lee still has his eyes set on Malaysia.

"Overseas venture will not be the main growth driver for us as our landbank in the country still offers many opportunities. This is especially so now that we are gearing into different segments of the industry," he adds. E

PATRICK GOH/THE EDGE

Ngian: At SunCity, quality is holistic and relates to not just design and layout but the overall environment and after-sales service too

SunCity: Building the Sunway brand

| BY FINTAN NG |

How does a developer with projects scattered across the west coast of Peninsular Malaysia and in Cambodia and India maintain its income stream and quality despite property market cycles?

Not really an insuperable problem for a company like Sunway City Bhd (SunCity), which has scaled the heights of success in terms of brand recognition and won many accolades. SunCity is well known among homebuyers as well as those who have experienced the Sunway brand via the group's malls and hotels.

That the group is not resting on its laurels can be seen from its consistent appearance on the Top 10 list of *The Edge* Top Property Developers Awards since the latter's inception in 2003. This year, SunCity, the developer of the 800-acre leasehold Bandar Sunway township, has retained its fourth placing on the list, which measures both qualitative and quantitative attributes.

For a number of developers that have grown to a certain size in terms of landbank, ongoing and planned projects and revenue, the question is, what's next?

According to SunCity's managing director for property development, Ngian Siew Siong, the answer lies in branding. Conceding that staying ahead and being relevant is a challenge, he says for the financial year ending June 30, 2008, the group has targeted RM1.34 billion in sales from about RM2 billion worth of properties.

"Part of this target would be achieved via sales to foreign investors because it has now become more conducive to own properties here due to proactive government measures," Ngian says, adding that sales in the current financial year have been good if not better.

Unlocking value

SunCity has plans to unlock the value of the group's pool of investment properties by divesting it into a real estate investment trust (REIT). Ngian says if all goes well, the REIT will be launched in the second half of next year.

At present, the group has seven million sq ft of gross floor space comprising malls, hotels, offices and university campuses under its management in the Klang Valley, Penang and Perak. Another 4.5 million sq ft of gross floor space comprising hostels, offices, retail and small office home offices will be added in the next three years in its flagship development of Bandar Sunway and in downtown Kuala Lumpur.

In Kuala Lumpur, it is developing the 22-acre freehold SunCity KL in Cheras jointly with Fawanis Sdn Bhd. The project comprises shopoffices, a mall and serviced apartments with a gross development value (GDV) of RM1.5 billion. The SunCity group also recently acquired the 30-storey Wisma Denmark and an adjoining acre of freehold land for RM170 million from Wisma Denmark Sdn Bhd. It plans a RM240 million, 18-storey office building on the adjoining land.

These properties may in time be injected into the REIT, which will potentially lead to the largest REIT in the country with properties worth more than RM3 billion. In comparison, Starhill REIT's properties were worth RM1.2 billion at listing.

Understandably, when asked about the timing of the REIT's launch, Ngian is evasive. All he is prepared to say is: "There're plans and the board has yet to approve it; the RM3 billion value is yet to be approved by the board too."

The REIT, he adds, will enhance the earnings visibility of the group's investment properties and property development under two separate listed vehicles.

Cambodia and India

Apart from the proposed REIT, Ngian says there are plans for a new township development in Cambodia on 988 acres of land. SunCity is jointly developing the 32-acre, US$80 million Sunway Toul Kok City with Suon Ouksahakam Cana City Investment Ltd in Phnom Penh.

The group is also exploring Vietnam, where it owns the four-star Sunway Hotel in Hanoi. Ngian sees demand for quality healthcare and teaching of the English language in the country and hopes to develop something like Bandar Sunway, with emphasis on medical and education facilities in either Hanoi or Ho Chi Minh City.

In India, SunCity is in a joint venture with Opus Developers & Builders Pte Ltd to develop 3,400 units of high-end lakefront condominiums and a small commercial element called Sunway Opus Grand Residency. The RM1.5 billion development will be developed in three phases over four years and is located on 35 acres of freehold land in Hyderabad. The inaugural launch is scheduled for next year.

It is partnering Pajay Engineers Syndicate Ltd to develop the RM300 million Sunway Prajay on five acres of freehold land. The development, comprising 450 high-end units in a condominium block, is slated for a 2009 launch.

"We're targeting IT professionals and the non-resident Indians who repatriate US$26 billion to India annually. These market segments, an economy growing at up to 8% per annum and a 1.1 billion population are why we're confident of our Indian ventures," Ngian says.

SunCity's first venture abroad was in Cambodia. "That has taught us a lot about managing relationships in a different cultural context, to be accommodating but not yielding. Of course, our experience back home has counted for a lot and gives us weight where expectation of properties of an international standard is concerned," Ngian says.

"For such ventures, we look for small or medium firms with vast experience and contacts with the local authorities while we come in with our expertise in marketing and project management," he adds.

Domestic market

On the homefront, SunCity has a long list of joint ventures and is constantly on the lookout for more that fit its development strategies. It is developing the 400-acre leasehold Sunway Damansara in Kota Damansara, jointly with Perbadanan Kemajuan Negeri Selangor. Only 50 acres are left undeveloped. Then there is the 63-acre freehold Sunway SPK Damansara, a joint venture with Syarikat Permodalan Kebangsaan Bhd.

In Mont'Kiara, SunCity is jointly developing Casa Kiara II, a freehold 37-storey condominium block with Dijaya Corp Bhd. This was launched in January this year. In Tambun, Perak, it is developing the RM2-billion, 1,235-acre leasehold Sunway City Ipoh jointly with the Perak government.

"We're very much into joint ventures at home too and that has added to our experience in managing relationships and finding the right partners," Ngian says. "Our brand is our biggest driver."

On its own, the group is developing Sunway South Quay in Bandar Sunway, which was launched in July 2007. The 178-acre leasehold enclave with a potential GDV of RM3.7 billion and a development span of up to eight years has attracted quite a bit of interest from foreign investors, with one parcel comprising two tower blocks sold to South Korean property firm CI Korea Co Ltd, while Kuwait Finance House, a Middle Eastern banking group, has a 20% equity interest in Sunway South Quay.

The group also recently launched in Singapore Sunway Palazzio, a condominium located in the high-end Kuala Lumpur suburb of Sri Hartamas. In Mont'Kiara, SunCity is developing 33 acres of freehold land called Kiara Hills. In Penang, the group has several small developments — Sunway Bukit Gambier, Bayan Baru (23 freehold acres), Sunway Crest, Bayan Lepas (15 freehold acres) and Sunway Grand, Bayan Lepas (six freehold acres).

SUNCITY

FINANCIAL YEAR END JUNE 30 (RM MIL)

Item/year	2006	2004	2003	2002	2001
Revenue	1,574.4	992.5	728.6	659.4	587.5
Profit before tax	421.1	169.2	107.1	156.5	34.9
Paid-up capital	414.9	410.5	400.3	340.2	340.2
Shareholders' funds	980.1	838.9	762.8	735.0	603.6
Profit attributable to equity holders	166.7	66.9	25.5	118.4	6.3
Dividend rate (sen)	7.5	5.0	1.0	1.5	—
Property development segmental report:					
Revenue	958.3	609.1	368.3	322.2	272.8
Pre-tax profit	379.8	152.6	82.8	102.0	60.9

Note: The 2005 FY was changed to FY ending June from FY ending Dec

ONGOING LAUNCHES

Project/location	Type	No of units	GDV (RM MIL)	Take-up (%)	Launch date
Palazzio by Sunway	Condo	80	253.01	70	Q2 07
Sunway Damansara	Opal Damansara condo	248	92.20	94	Q2 04
	Townhouse	130	57.66	95	Q3 04
	Factories	78	82.89	100	Q1 05
	Shopoffice	264	471.42	99	Q1 04
Kiara Hills, KL	Bungalow	88	422.42	93	Q2 04
	Courtyard homes	34	70.80	100	Q4 04
Sunway SPK Damansara	Terraced	608	407,57	99	Q2 04
Casa Kiara II, Mont Kiara	Condo	161	102.64	55	Q1 07
Sunway Tiara, Bandar Sunway	Terraced	4	2.03	100	Q1 05
Sunway Cheras	Terraced	294	122.59	71	Q2 05/ 06
Sunway Kinrara, Puchong	Terraced	36	13.86	78	Q4 05
Sunway Semenyih	Superlinks & semidees	131	24.19	100	Q1 04
	Bungalows	6	3.29	100	Q4 05
	Shopoffice	36	12.10	72	Q2 04
Taman Dagang, Ampang	Terraced	31	10.04	100	Q2 06
	Shopoffice	16	26.28	100	Q4 05
Sunway Kayangan, Shah Alam	Superlink & semidees	337	112.66	75	Q4 04/ 06
Sunway Suria, Shah Alam	Terraced	313	88.10	60	Q4 04/ 06
Sunway City Ipoh	Terraced & semidees	192	50.95	85	Q3 04/ 06
	Bungalows	104	52.66	96	Q1 04
Sunway Bukit Gambier, Penang	Terraced & semidees	266	190.34	72	Q1 06
Sunway Grand, Penang	Terraced	77	40.18	81	Q1 06
Sunway Toul Kok City, Cambodia	Bungalows	108	65.95	98	Q2 05
	Terraced	60	29.48	92	Q4 06

IN THE PIPELINE

Project/location	Type	No of unit	GDV (RM MIL)	Launch date
Palazzio by Sunway	Condo	80	253.01	1H FY2008
Sunway South Quay	Bungalows	77	413.07	1H FY2008
	Condo	602	379.449	FY2008
Sunway Damansara	Semidees	50	65.00	1H FY2008
Kiara Hills	Condo	117	175.50	2H FY2008
Sunway SPK Damansara	Semidees	92	138.00	1H FY2008
	Townhouse	214	96.08	2H FY2008
Sunway Semenyih	Terraced	60	13.50	1H FY2008
Sunway Kayangan	Commercial lot	44	2.64	2H FY2008
Sunway Suria	Terraced	145	45.68	1H FY2008
Sunway City Ipoh	Shopoffice	18	5.80	2H FY2008
	Bungalows	24	15.99	1H FY2008
	Terraced	61	17.90	2H FY2008
Sunway Bukit Gambier	Bungalows	3	5.70	1H FY2008
Sunway Grand	Terraced	30	13.98	1H FY2008
	Shopoffice	35	28.55	1H FY2008
SunCity KL	Shopoffice	220	181.13	2H FY2008
Sunway Bukit Rimau	Semidees & bungalows	87	76.44	2H FY2008
Sunway Toul Kok City	Bungalows	48	35.77	2H FY2008
Wisma Denmark	Office towers	1	240.00	2H FY2008

GDV: Gross development value

On quality

The constant reference to branding triggers the question of quality. Ngian prefers to see quality as a total buyer experience instead of just quality in terms of designs and layouts. "At SunCity, quality is holistic. It's not that we ignore design and layout but we believe that maintaining the area in which we've developed and after-sales service are just as important," he says.

"We've a department that's dedicated to after-sales service and to handle complaints," he adds. A good example is the ongoing maintenance and landscaping work at the group's flagship Bandar Sunway township. "For us, quality is also about how a product we've built can flow into a conducive living environment, providing for interaction in the community," Ngian says.

For the newer launches like Sunway Palazzio and the South Quay enclave in Bandar Sunway, energy-saving designs have been incorporated into the layouts, allowing the buildings to "breathe" as well as have more natural light.

"It's also about what we've delivered and this can be seen from our buyer profile — 25% of our sales are to repeat buyers," says Ngian. "It's a result of how you treat your customers and how you manage relationships." E

SUNCITY

Sunway Palazzio – located in Sri Hartamas, Kuala Lumpur, was launched in Singapore first

Delivering on promises

City & Country: Briefly, how do you see the industry evolving in the next 50 years? What will be the emerging trends in the living environment?

- **Sustainable development**

Ngian Siew Siong:

- Holistic approach in redevelopment programme;
- Go green — Eco-friendliness to conserve and preserve the precious commodity of the natural environment;
- The living environment becomes more compact leading integrated communities;
- Greater emphasis on accessibility, where conventional connectivity will be phased out and advance technology will come into play; and
- Communities will go borderless with internationalised property ownership.

Sustainable development is the balancing of the fulfilment of human needs with the protection of the natural environment so that these needs can be met not only in the present, but also in the indefinite future.

- **Holistic approach in redevelopment programme**
  Redevelopment involves the rejuvenation of developments in prime locations to provide optimal living environment and enhance the capital value of the property and its surroundings. We foresee that the SunCity KL mixed integrated development will change the profile of the cityscape in the couth of Kuala Lumpur city, leading to the optimisation of land value in the location.

  Redevelopment conserves and preserves existing green lungs and open spaces, and minimised the built footprint on the natural environment. For example, SunCity has rehabilitated the 800 acres of arid mining land into lush, well-landscape integrated resort in Bandar Sunway.
- **Go green — Eco-friendliness to conserve and preserve the precious commodity of the natural environment**
  We have to accept that in the coming 50 years, when you are next having lunch at KL Tower, you will be hard-pressed to find a patch of green. Parks and public spaces would be at a premium. Developers would then have to incorporate these elements into their developments. At Opal Damansara, for example, we have even rehabilitated the 3.5-acre Wetlands fronting the development, providing home owners with a nature reserve on their doorstep. We cannot reiterate how important landscaping and the greening of properties will become not only in the coming 50 years but even now.
- **Integrated communities**
  The Klang Valley is growing at an amazing rate. Soon, Kuala Lumpur will become a huge conurbation encompassing nearby satellite towns and cities such as Klang and Seremban, creating a seamless urban corridor. From the workplace down to the meanest of home buyers, the quality of life will become more important. Easy access to amenities such as the theatre, cinemas and restaurants will also be a major concern. More integrated townships like Sunway South Quay, which incorporates not only residential areas and commercial space but also educational and medical establishments, will become the norm. These integrated communities will not only attract the local market, but will also become desirable to the foreign market.
- **Greater emphasis on accessibility**
  Gone are the days when efficient public transport will be sufficient to alleviate traffic woes. Conventional connectivity systems such as highways will be phased out, to be replaced by advanced systems such as mass rapid transport, high-speed trains and multilevel carriageways. Other technological gadgetry will further reduce the need to travel, such as virtual meetings, Internet communications, and so on.
- **Internationalised property ownership**
  Globalisation promotes the property industry as a channel for wealth diversification. Nowadays, no place on earth is more than a few hours away. It is not inconceivable for people to own property in two or three continents.

  But again the key is, you have to provide for the wants and needs of these inter-continental travellers. To make Malaysia an increasingly viable option for foreign property investors, developers here must also keep up with the global trends in the property market. We must ensure that we not only attract but also retain foreign investments. We have to be aware of the developments outside our shores and current trends in the global market.

Going forward, what are the challenges that you foresee?

The market has moved beyond having a valid licence and the obligatory sales promotion kit embellished with drawings of what homes would look like. Glossy and glamorous visuals no longer lure customers.

Buyers are starting to dictate the substance, style and quality of the home they seek. The buyer becomes the de facto architect of the home.

This paradigm shift in the property development industry sees developers sprucing up their act to meet the new challenge.

It is worth noting that the expectations of contemporary developers are high and they are dedicated to delivering what have been promised. They realise that promises fulfilled today is the essence of good branding and marketing.

Developers have in recent times become keenly aware that meeting timelines in delivering the product matters a great deal. Buyers need constant reassurance and confidence in the developer. There is a keen appreciation of the fact that if a developer loses momentum, the buyer will lose faith.

On a global level, developers in Malaysia must also deal with foreign developers bringing in fresh capital and opening up new markets. Although some may see this as a challenge, we believe that this will rejuvenate the property market and force everyone, from the smallest developers to the largest ones, to improve their performance.

Scarcity of space will also be an issue. Buyers expect parks and green spaces, but as space is at a premium, especially in inner city areas, developers will have to grapple to find better ways to incorporate these elements into shrinking development areas.

How can the industry in general and your company in particular address these challenges?

By delivering on our promises. Putting your trust in a strong, reputable, well-established developer is a key consideration of Malaysian home buyers. There has never been greater availability of housing in Malaysia than at present. Further, Malaysians are more affluent than they were 20 years ago.

As a result, consumers these days place emphasis on a project owner's track record, financial strength and stability, before even investigating the quality of properties on offer.

People buy houses to live in, or as an investment, but rarely as a form of speculation. This means that the majority of buyers are more careful about where they spend their money. Homebuyers today expect quality. They want developers to pay attention to detail in project construction and look for qualified, financially sound operators who can deliver on time and provide good workmanship which will last for generations.

Consequently, the developer is now paying much greater attention to delivering a 'total quality of life experience'. Quite often, it is the value-added services and facilities that convince the buyer to sign on the dotted line.

Thus for the potential buyer, while financial stability and strength of the developer are critical, the ability to deliver an innovative, exciting and environmentally delightful product is equally important. E

The Street of EcoVillas @ Se

Pink clouds swirled in the distant horizon, tinged by the first blush of dawn, while rotor blades whirled above me. Reeds bobbed and water rippled as my helicopter skimmed over a charming lake sitting next to the ***Bukit Cahaya Forest Reserve***, as I cruised towards my home.

Misty in the morning dew, Setia Eco Park is a land of softly-undulating terrain interspersed with meandering waterways leading to bodies of water, like the ***Butterflies Creek*** and the ***25-acre Swan Lake***. Flocks of ducks paddled peacefully as butterflies frolicked amidst the vibrant cascades of flowers, creating a Utopian-like environment.

I coasted over a playground teeming with children, and saw youngsters enjoying an early game in the football field. Life went on as construction workers hurried like ants to complete the distinctively-designed ***Setia Eco Clubhouse*** and ***The Green Canopy***, the lifestyle business park.

An ***International School***, Secondary School and Primary School sat on a pleasantly-winding street, and guardhouses stood on the main road, standing sentinel over this ***gated and guarded*** haven.

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Island & Peninsular: Keeping a steady course

| BY FINTAN NG |

"Business as usual," is how the dapper Datuk Jamaludin Osman, group managing director of Island & Peninsular Bhd, said when asked how he felt about the group being taken private by Permodalan Nasional Bhd (PNB) for RM670 million. I&P was delisted from the Main Board of Bursa Malaysia on July 13.

"As far as I'm concerned, we'll proceed with the ongoing developments that we have and try to capture as much of the buoyant market as we can, apart from giving out as much dividend as we can to our shareholders," says Jamaludin.

I&P has seven ongoing developments, of which five are township developments. The other two are the 72-acre leasehold Alam Sutera in Bukit Jalil and the 42-acre freehold gated Seri Beringin in Bukit Damansara, both developed by subsidiary Syarikat Perumahan Pegawai Kerajaan Sdn Bhd.

The five townships are Bandar Kinrara, Alam Damai, Alam Impian, Kota Bayuemas and Kota Seriemas.

Will I&P and Petaling Garden Bhd (which was also taken private by PNB and was delisted from June 26) merge? Jamaludin, who is also a non-executive director of Petaling Garden, only says: "I don't know and it's also too early to tell if we'll go public again some day."

For the current financial year ending Jan 31, 2008, the group has planned up to RM600 million worth of launches, of which till the end of August, RM209.870 million worth of properties have been put on the market.

"We're also planning to launch another township, Alam Sari in Bangi, sometime towards the beginning of November," Jamaludin tells *City & Country*. The 435-acre freehold Alam Sari is part of 1,100 acres that the group owns in the area, which is located near Universiti Kebangsaan Malaysia and German Malaysian Insititute campuses.

Alam Sari features 3,652 units of 2-storey terraced houses, semidees and bungalows. The first launch of 60 units of terraced houses will be priced from RM250,000. According to Jamaludin, the main attraction of the properties is its freehold tenure.

"If the response is good, we'll consider putting on the market more of the units," he says, adding that plans are still on the drawing board for the balance of I&P's landbank in the area.

What's next

Going forward, there are plans to enhance recurrent income via the retention of commercial properties and some prime residential ones, too. The group intends to redevelop Bangunan SPPK, a 4-storey office building which it owns, located on 1.14 acres freehold land on Jalan Dungun in Bukit Damansara's commercial precinct.

"We're planning two 14-storey office towers with a net lettable area of 180,000 sq ft and we hope to begin work on it next year," says Jamaludin.

Also in the pipeline is a luxury condominium and office tower block on 3.21 acres of freehold land in Ampang 971, in which the group may retain the commercial space. "We're working with a partner to develop this location and we'll reveal the details towards the end of the year," says Jamaludin.

There are plans to move the group headquarters in two or three years to Bukit Damansara when the new office towers are up or to Ampang 971.

A portion of the 30 units of 3-storey shopoffices to be launched soon in Bandar Kinrara will also be retained. More than 1,000 people have registered for the units and the

ISLAND & PENINSULAR

FINANCIAL YEAR END JAN 31 (RM MIL)

Item/year	2006	2005	2004	2003	2002
Revenue	574.1	541.1	555.1	490.7	375.2
Pre-tax profit	159.9	676.0	165.7	111.0	70.0
Paid-up capital	833.1	832.7	349.9	232.9	232.8
Shareholders' funds	2,181.6	3,353.6	1,127.5	789.4	763.5
Profit attributable to shareholders	93.4	620.3	105.8	39.6	26.5
Dividend payout ratio (%)	45.0	2.0	47.5	76.3	63.4

ONGOING LAUNCHES

Project/location	Type	No of units	GDV (RM MIL)	Launch date	Take-up (%)
Alam Damai, Cheras					
4b3-p3 Bungalow Lots	Bungalow lots	17	8.26	March 07	76
4b2(P1) Dsd	2-storey bungalows	20	22.00	May 07 (Only 8 Units Offered)	100
Seri Beringin, Bukit Damansara					
2a1b Bungalow Lots	Bungalow lots	15	37.83	May 07	83.5
Bandar Kinrara, Puchong					
5a1 Dst	2-storey terraced	95	31.86	Aug 07	100
7a17a Dsd	Double bungalow detached	27	47.09	July 07	100
9a4 Dst	2-storey terraced	82	27.72	April 07	100
Kota Bayuemas, Klang					
A5 Dssd	2-storey semi-dees	38	18.43	April 07	33
A2 Dst	2-storey terraced	84	16.72	April 07 (Only 41 Units Offered)	39

GDV: Gross development value

PATRICK GOH/THE EDGE

Jamaludin: One of the emerging trends will be the total living concept

ISLAND & PENINSULAR

An artist's impression of a 2-storey bungalow in Alam Damai, Cheras

Land shortage a big challenge

***City & Country:* Briefly, how do you see the industry evolving in the next 50 years?**
Datuk Jamaludin Osman: There must be greater control and care by those involved in putting together the built environment. The environmental and social needs of homebuyers must be addressed. The quality of homes and other types of buildings must be maintained. One of the ways to save the future is to protect the environment — where replanting of trees is a must, our rivers must be revived and sufficient drainage is provided to avoid from flash flooding, especially in the cities. It will also be necessary to plan well to avoid building unnecessarily. Environment and security issues are constantly being addressed, but in 50 years, with a nation that is fast growing, these matters will have to be addressed more closely.

What will be the emerging trends in the living environment?
One of the emerging trends will be the total living concept, where a home is supported by all living needs. Efficiency and convenience will be high on the list of home-buyers, such as basic amenities and facilities, the most advanced technologies and forms of communications, entertainment and recreational areas, as well as healthcare facilities — spas and gyms for adults and children alike.

Going forward, what are the challenges that you foresee?
The challenges ahead may include increasing material costs, and shortage of land. Where there is a shortage of land, a good way to move forward is by working with natural landform. Another challenge would be for developers to remain creative and innovative.

How can the industry, in general, and your company, in particular, address these challenges?
For developers to remain innovative and resourceful, they must develop human capital by encouraging creativity and out-of-the-box thinking. They must also always be aware and sensitive to the needs of homebuyers. As material costs increase in future, developers may need to design products which are cost-efficient and be more resourceful in terms of finding building materials. They may also need to work in collaboration with other partners because land is becoming scarce. E

interest generated so far may be due to the fact that Bandar Kinrara has matured as a township. Moreover, a Giant hypermarket will soon open there.

There's also the ongoing exercise to unlock the value of I&P's vast landbank it has been talking about for the last three years. The group has an undeveloped landbank of 14,969 acres mainly in Selangor and Negri Sembilan, of which it plans to sell about 1,000 acres in the current financial year.

Upbeat

On the residential property market, Jamaludin remains upbeat, based on the strong take-up rates of three launches in Bandar Kinrara since April this year. Residential units worth RM106.63 million, launched between April and August in Bandar Kinrara, were sold.

"The property market has improved a lot compared with the first half of last year; that's why when the Majestika 2-storey bungalows (in Bandar Kinrara) were launched in two batches, they were sold out on the same day."

"Recently, we launched 95 units of 2-storey terraced houses priced from RM390,000 to RM500,000 and they were all sold within a day," he says. "We may have to review upwards the pricing of several of our upcoming launches."

In a market where housebuyers have many choices, design and layout features are as important as quality. Also important is the environment, says Jamaludin. Landscaping also plays a crucial part because it gives better value to the development as a whole, he adds.

On security, he says while the group is developing a gated enclave in Seri Beringin, its other townships will see enhanced security with more guardhouses being built. "We'll build the guardhouses and encourage the residential associations to hire the guards. This has been implemented in several phases of our Bandar Kinrara township," he says.

Jamaludin says the different entrances to mark the residential precincts and the use of good quality grass will also enhance the overall value of the property.

"We are doing what we can to increase value like having broadband and WiFi in the properties so that wherever you go, you can surf the Internet," he says.

I&P may no longer be a listed entity but it is one developer that will continue to generate interest in the market. E

Sime UEP: Doing more to stay ahead

| BY DIANA CHIN |

LEE LAY KIN/THE EDGE

Jauhari: Sime UEP is no longer just meeting needs, it aims to delight customers

This is the third time Jauhari Hamidi is meeting *City & Country* for *The Edge* Top Property Developers Awards. It will also be his last. The managing director of Sime UEP Properties Sdn Bhd will be moving on to a new portfolio as Sime UEP has divested all its assets and liabilities to Synergy Drive Sdn Bhd under the multi-billion ringgit merger exercise involving Golden Hope Plantations Bhd, Kumpulan Guthrie Bhd and Sime Darby Bhd group of companies. The new entity will be the country's largest property player in terms of landbank.

Nonetheless, Jauhari is in an upbeat mood and goes straight into overdrive as he speaks about Sime UEP's performance and his expectations, moving forward, with or without his presence.

Across the board, Sime UEP is enjoying take-up rates of 70% to 80% for its properties launched. "That's considered good in current market conditions where competition is stiff," says Jauhari. He recalls the time when take-up rates were at 10% to 15% for Bandar Bukit Raja, Sime UEP's township development in Klang when he took over the reigns as MD about 2½ years ago. According to Jauhari, such market reception was practically unheard-of for a company like Sime UEP. More than 20 years ago when it was developing Subang Jaya, 500 people used to queue up for 100 homes launched. The Bandar Bukit Raja scenario served as a wake-up call for the company.

"We were taking our customers for granted. We were relying on our good name in the past. You are only as good as what your product is today. Not what you've done 20 years ago," he says. Jauhari appreciates that track records helps, especially with purchasers who know that Sime UEP can be relied upon to deliver its products. The developer has, without any doubt, achieved some corporate milestones to be proud of. It has several ISO certifications to its name and awards from the International Real Estate Federation (Fiabci). Subang Jaya and USJ won the Fiabci Prix d'Excellence for Best Residential Category in 1995 and 2001 respectively. Every year since *The Edge* Top Property Developers Awards was introduced in 2003, Sime-UEP has never failed to make it to the Top 10 list. This year, it is at the sixth spot, no change from last year.

Changing mindset

"It shows we've been doing things right but, moving forward, there's more to be done if we want to be a market leader," says Jauhari. One of the key things about Sime UEP in the past, he says, is that the developer was too engrossed in launching new products that, to a certain extent, it "forgot about the other important things".

Acknowledging that Sime UEP was at the crossroads when he stepped in, it was not easy setting a new direction and changing the mindset of its people. This is old news, but Jauhari still gets a kick telling the story he has shared before. "My staff were stunned when I told them I expected zero-defects when properties were handed over. *Terkejut*! They thought I was a crazy MD who had absolutely no inkling on how the property sector worked since I came from an oil and gas background," says Jauhari. Trained as an engineer, his career path with the Sime Darby group started at oil and gas, moving on to Consolidated Plantations Bhd before his last posting as director of oil and gas operations for the group. But Jauhari stood his ground.

"It was ridiculous to hand over keys to purchasers together with a defects form. It's like telling them in their face to expect defects in the houses they've bought from us. I hope it doesn't happen with Ara Hill!" he says, turning around to direct the statement at a sales staff present during the interview held at one of the show units. Ara Hill is a 16-acre development boasting tropical greenery, and low density of 25 units per acre. Located in Ara Damansara, it is a project by Sime Darby Property. Ara Damansara is developed by Sime Pilmoor Development Sdn Bhd, a wholly-owned subsidiary of Sime Darby Bhd, and managed by Sime UEP.

"To be a market leader, one has to set certain standards for the rest to follow. One cannot be satisfied to just go along with industry practice — like handing over keys together with a defects form," says Jauhari. There were many other challenges that he had to deal with, like unsold stocks. Today, a policy has been set. The target is to sell 70% in the first year of the launch and the remaining 30% in the second year. This means there would be no more unsold stocks once the properties are completed in 24 months.

"Things needed to be cleaned up, so we put forward some strategies that are showing results today," he says. Needless to say, things have improved at Sime UEP, although there is still a long way to go. Processes have been put in place to address issues like product quality, customer service and advertising and promotions. There is an internal quality control team to make sure houses handed over have zero defects. This means basic things like lights, water, toilets and door locks should be in working order. To look after customers' needs, a customer careline was introduced recently. On the advertising and promotions front, billboards promoting Sime UEP products have sprouted.

Property development today

"Lip service!" was Jauhari's response to phrases like "understanding customers' needs" and "meeting customers' needs". "You have to mean what you say. You've got to get involved, initiate focus groups, ask customers what they want rather than assume this is what they want when they're buying our products," he says.

Under Jauhari's management, Sime UEP has begun documenting customers' wants and needs at the onset of registration and doing post-mortem reports on products delivered. All these will serve as guidelines on what products it should launch next to ensure marketability.

SIME UEP

Terraced homes in Ara Damansara

SIME UEP

Putra Point shopoffices in Putra Heights

SIME UEP PROPERTIES

FINANCIAL YEAR END JUNE 30 (RM MIL)

Item/year	2006	2005	2004	2003	2002
Revenue	489.3	488.6	441.6	469.3	345.0
Profit before tax	141.0	154.5	168.7	184.9	140.8
Paid-up capital	404.5	404.5	404.5	404.5	404.5
Shareholders' funds	1,292.5	1,253.2	1,195.0	1,126.6	1,052.4
Profit attributable to equity holders	100.4	119.3	129.6	135.4	132.3
Dividend payout ratio (%)	61.4	51.3	47.2	45.2	46.3

ONGOING LAUNCHES AND PROJECTS IN THE PIPELINE

Project/location	Type	GDV (RM MIL)
Bandar Bukit Raja, Klang	Terraced	219.2
Putra Heights, Subang	Apartments	29.5
	Commercial	3.3
	Terraced	241.4
	Zero-lot semidees	86.5
Subang Jaya	Serviced apartments	99.4
Taman Perindustrian, Subang	Industrial	12
Ara Damansara	Apartments	173.2
USJ Heights	Zero-lot semidees	109.5
	Superlink	401.4
USJ	Bungalows	21.6

GDV: Gross development value

Innovation the key to success

***City & Country:* Briefly, how do you see the industry evolving in the next 50 years?**

Jauhari Hamidi: Fifty years is a very long period. In any case, the industry promises to evolve for a more exciting time ahead. In Malaysia, the property industry has not come to a saturated point as we still have huge landbanks for development. The trend you will see is the emergence of new growth areas, better-planned townships and infrastructure, more innovative ideas and infusion of information and communication technology (ICT) into a property package. The Northern Corridor Economic Region, Iskandar Development Region, East Coast corridor and Sabah and Sarawak corridor will create positive effects on both downstream and upstream sectors and industries, property being one of them. It is also interesting for us to see growth in the real estate investment trust industry in Malaysia.

What will be the emerging trends in the living environment?

With the scarcity of land in prime areas, it is envisioned that innovative offerings that will allow customers to live their lifestyle will lead the way in emerging trends. The residential landscape will see ICT-based infrastructure and services implemented in communities in the future. Townships may have systems to manage smart car parking, street information, remote surveillance and wireless and broadband connectivity. Street-side shopping and al fresco dining experiences are making a big comeback to the commercial landscape.

In terms of effective use of space, you may have already realised that developers nowadays do not merely focus on the space that can be sold but also stress how developments can enrich the living environment. Commercial developments have seen more Grade A purpose-built offices being built as more multinational companies are moving here and they would require more office space with superior amenities and addresses. What determines the success of the supply will not be space only but also the availability of complete amenities and first-class infrastructure.

Going forward, what are the challenges that you foresee?

At present, it seems there is favourable demand for high-end housing. We foresee, however, that once it has reached almost saturation point, demand will go back towards first-time buyers with shoestring budgets. When this time arrives, it will be interesting to see cost-conscious developments thrive.

The other challenges may come in various forms. One of them is a glut in the property market. Strata-type offices and commercial projects in certain states have been experiencing slower take-ups. We also acknowledge that in prime areas, the competition is getting more intense where foreign developers have come into our shores bringing along with them a high level of sophistication.

How can the industry, in general, and your company, in particular, address these challenges?

We feel that we, as a developer and the industry as a whole, should rise to the challenges. The key in sustaining success is to be inventive in our product portfolios. In that sense, we need to be inventive in ways of using space, bringing back a sense of community living in our development projects. Product offerings have to be distinguishable from other players. Instead of just focusing on products, we also need to add value to the lifestyle of the purchasers. We are pleased that we did not put our product portfolios in one basket. We have a variety of residential and commercial projects to suit various budgets. We also have projects for Grade A purpose-built-offices that will appeal to the business communities.

Competition from foreign developers is not all that bad. We reckon this pushes local players to step up to the challenges and be more innovative. Joint ventures are also healthy as both local and foreign developers can benefit in delivering niche and sophisticated products.

We will be launching our USJ Heights project soon, with focus on location and distribution of units. It will comprise six precincts that will have Malay, Balinese, Zen, English, Mediterranean and highland gardens theme. Look out for its launch! E

"We are no longer just meeting needs. We aim to delight our customers now," he says.

Sime UEP has decentralised its sales gallery, making a point to put up mock-up units of houses launched on site. "Buying a home is a lifetime commitment for many. It's a difficult decision to make and we try to help make that decision process a bit easier. A mock-up unit gives potential purchasers a better idea of what they are buying, compared to looking at floor plans.

The days of building barrack-style homes are also gone. The developer's newer projects in USJ, Putra Heights and Bandar Bukit Raja are planned in a precinct concept with a curve linear design. One access and one exit give residents an option to turn it into a gated and guarded community as security becomes a rising concern among developers and purchasers alike. The curve linear layout also means fewer homes facing T-junctions and more pockets of landscaped areas. "This promotes good community living," says Jauhari of the parks and gardens where people can gather and get to know their neighbours.

Continuing the culture

Although he will soon be moving away from property development, Jauhari is confident that there are enough people from Sime UEP to establish a good foundation and continue with the processes that have been set in motion. "Our take-up rates show it," he says. The group's profit before tax for FY2006 ended June fell by 8.7% to RM141 million from RM154.5 million in the previous year due primarily to the absence of profit from major land disposals held as property, plant and equipment by a jointly controlled entity.

However, better profit margins from property development sales contributed to the bulk of pre-tax profit.

Jauhari says Sime UEP considers itself as the Toyota of the property industry. In the past, it was only known as a township developer. Today, it has products like Ara Hill to show for under the group.

"Moving forward, Sime UEP has to increase its portfolio and diversify. No doubt, townships will be our bread and butter as even without the merger, we still have 3,000 to 5,000 acres of land to go," he says. Loyal followers of Sime UEP are already waiting for the last launch in USJ — the final piece of prime land in the township that will be called USJ Heights. Jauhari declines to reveal more except that the developer is working to complete its sales gallery for USJ Heights and to expect some kind of premium where pricing is concerned.

"You'll just have to be patient and wait and see."

On the merger, he sees only better things to come. "Each developer brings with it its own characteristics and development programmes. We should look at everyone's best practices, combine them and move forward as we will be the largest property player in Malaysia."

"I have enjoyed my 2½ years at Sime UEP. I may be going back to where I started [Jauhari will be heading the utilities division in Synergy Drive], but you never know with a conglomerate like this. Sometimes you go round. It's a cycle," he smiles.

As we say our goodbyes, he manages to slip in a sales pitch, something of a last hurrah: "So, have I tempted you enough to consider buying a property from us?" One wonders if he learnt this at oil and gas… E

Boustead Properties: Growth through diversification

| BY ALLISON LEE |

The RM2.2 billion Mutiara Damansara township in Petaling Jaya has, in just a few years, elevated itself to become a "preferred address" with its combined attractions of residential and commercial offerings.

There is no denying that the 360-acre project by Boustead Properties Bhd, first unveiled in 2000, has enjoyed a hearty headstart, thanks to its sought-after location and freehold tenure. The market endorsement is reflected in the strong take-up of its residential products. On the commercial side, while IKEA and Tesco have been pulling in the crowds from the word go, other commercial offerings such as The Curve, Ikano Power Centre and Cineleisure Damansara have collectively, over time, established themselves as a strong retail address.

Meanwhile, Boustead Properties' hospitality offering of the 145-room Royale Bintang Damansara, a four-star hotel located next to The Curve, registers full occupancy during weekends. Add to this the showrooms and the up-and-coming corporate offices and we have a commercial address that is increasingly valuable.

Boustead Properties is not just about Mutiara Damansara. The company is also behind the RM3 billion Mutiara Rini development in Skudai, Johor, and a 2.9-acre low-rise condominium project on Jalan Ampang. Still, one cannot fault the developer for being excited about Mutiara Damansara, given its strong ability to boost both the bottom line as well as the profile of the company.

Which explains why Boustead Properties executive director Datuk Ghazali Mohd Ali is all geared up to talk about Mutiara Damansara for this interview with *City & Country* in his office on the 28th floor of Menara Boustead in the heart of Kuala Lumpur. Ghazali is his usual confident and jovial self, buoyed not only by the company's improved showing but also by its future projects!

Good showing

Boustead Properties' ranking in *The Edge* Top Property Developers Award 2006 slid out of the Top 10 list from eighth spot in 2005 but bounced up to the Top 10 list this year. This would mean that since the awards were introduced in 2003, Boustead Properties has emerged as a Top 10 Developer three times.

For the FY2005 (on which the 2006 awards were based), Boustead Properties' group profit after tax dipped sharply by 45% to RM64 million from RM117 million in 2004. For FY2006 (on which the current awards are based), however, the developer bounced back strongly with profits of RM198 million.

Ghazali says a reason for the better showing is the contribution of the Al-Hadharah Boustead Real Estate Investment Trust (REIT), which generated a revenue of RM135 million. On the profit drop for FY2005, he explains it was a deliberate slowdown strategy to realise better value for its properties, mainly its corporate plots. Fifteen 1-acre corporate lots remain unsold in the commercial precinct. The plan is to put all these on the market in five years' time.

He explains: "From past trends, we have been selling an average of two corporate lots a year and each sale is at a price higher than the preceding sale. Our first corporate plot fetched RM99 per sq ft in 2000 and now prices have appreciated by 200% to RM320. Iconic buildings such as Proton's first Platinum Showroom,

HARIS HASSAN/THE EDGE

Ghazali: We plan to create an extension in the Curve, which is similar to the Louis Vuitton boutique in Starhill Gallery

Lexus' first showroom in the country, UAC's first headquarters and IKEA's first stand-alone store are built on our corporate lots."

The developer is far from done with Mutiara Damansara. In its plans are a new four-star hotel with over 300 rooms, a car park block with over 1,000 parking bays and a 10,000 to 12,000 sq ft extension to The Curve, which is expected to be completed by November and will cost about RM2 million.

The Curve now boasts over 800,000 sq ft of space, 90% of which is occupied; and visitor volume reached an all-time high of two million in July (as recorded by electronic counters at all entrances). The Curve's mini-anchors (in excess of 10,000 sq ft) include Metrojaya's concept store, MJ, Borders, Nichii Fashion City, Fitness First, Marche Movenpick Restaurant, Red Box karaoke, Living Quarters and HSL.

"We plan to create an extension similar to the Louis Vuitton boutique in Starhill Gallery. We want a retailer who will line the walls with glass to showcase its products," says the fashion savvy developer, who rattles on with the names of new brands in The Curve, such as Calvin Klein, MNG and Naf Naf.

When asked to pose for the camera, Ghazali sportingly puts on a coat and laughs at the irony of him being portrayed in a coat as he actually seldom dons one. He also sports a familiar-looking yellow tie. Is yellow his lucky colour: "No, it is not. It's just that every time I meet with *The Edge*, I happen to pick a yellow tie [laughs]. I had been wearing red ties for several months and by coincidence changed to a yellow one today!"

Back to The Curve. Rents range from RM2 to RM28 psf depending on the location and lot size. All tenants also pay another RM1.80 psf for service and promotional charges. The Curve also has 80,000 sq ft of office space on the second floor, now close to 100% occupied.

The Royale Bintang Damansara is also doing well. In 2006, it had an average room rate of RM220 and occupancy rate of 92% and it is expected that average room rate would hit RM230 with occupancies of 95% in 2007.

"Occupancy hits 100% on weekends and the new hotel, which would be adjacent to Cineleisure, would also be managed by the Royale Bintang Group. I feel that shopping centres need a bit of congestion to create the necessary hype. But, of course, being stuck for hours just to exit the parking lot is not the buzz that I mean."

Instead of promoting the individual commercial precinct in the township on its own, the developer is currently branding them as Mutiara Damansara. "You will find billboards advertising Mutiara Damansara as a single location and in Ikano, you will also find The Curve directory board," he explains.

Homes in Mutiara Damansara

To date, about 2,000 residential and commercial units have been completed in Mutiara Damansara, with another 200 under construction. The residential component at Mutiara Damansara is reaching its tail end — only 100 acres remain to be developed, and this includes the on-going phases and the 15 corporate lots.

Those who had put their money on the township must be a happy lot. "When Mutiara Damansara first launched bungalows and semidees in 2002, the selling prices were RM1.3 million and RM843,000 respectively. Today, these units are changing hands for RM2.6 million and RM1.8 million respectively. We will be launching bungalows at a benchmark of RM3 million this year," says Ghazali.

Meanwhile, the shopoffices, which were launched in May 2001 at RM740,000, have seen their prices appreciate to RM1 million with rentals touching RM5,000 onwards.

A crucial factor for the township's success, apart from location, is its accessibility. Mutiara Damansara enjoys easy access via the Damansara-Puchong Highway (LDP), Jalan Surian, Kota Damansara and the Penchala Link.

But accessibility minus quality is no good. And quality is indeed what Ghazali champions for, adding that the company maintains quality by using building materials manufactured by the Boustead Group, such as UAC building materials, Johan ceramic tiles and Boustead Sissons paints.

Johor

So what else is up Boustead's sleeve now that Mutiara Damansara will be completed in five years? It has diversified into many sectors such as plantation, hotels and property investment and development.

"The combination of these four activities has been one of the reasons for our steady growth and would continue to sustain us," Ghazali shares while revealing that Boustead still has another 600 acres to go in Mutiara Rini in Skudai, Johor. "Although Mutiara Rini is located within the Iskandar Development Region (IDR), we are not banking on the IDR as I believe that Rome did not happen in one day, thus it would take some time for things to materialise."

Over 4,500 units of properties have been launched in Mutiara Rini and a take-up rate of more than 92% has been registered. "Despite what has been said about the overhang situation in Johor, we have no major problem selling our products as we believe in offering buyers something different," says Ghazali.

Mutiara Rini is being rebranded into a modern lifestyle-oriented township. "We started more than 10 years ago, before all the big names and KL players arrived and it is time to refresh the township. We will offer new products, trendy designs, revamp the landscape and focus more on the environment," offers Ghazali.

Another site which Boustead Properties will be focusing on soon is a 700-acre tract of prime land in Bukit Raja, Klang. The developer had recently acquired a 30% interest in Bakti Wira Development Sdn Bhd, which owns the Klang landbank.

Property investment

Going forward, property investment is set to be a strong division for Boustead Properties. Ghazali says: "We have several property investments, namely, Menara Affin, Menara Boustead and Wisma Boustead which have an occupancy rate of 97%. We also have The Curve as a rental generator.

"These properties have the potential to be lumped into under one REIT and their strategic locations see yearly appreciations in values."

The nett lettable areas for Menara Affin, Menara Boustead and Wisma Boustead are 202,000, 227,000 and 50,000 sq ft respectively. Rentals for the three buildings are from RM3.50 to RM4.20 psf.

Boustead Properties is also developing a three-block condominium on Jalan Ampang. "We have received numerous enquiries on this project, especially from Middle East investors, who are keen to purchase en bloc. However, for the time being we intend to retain the condominiums," says Ghazali. The 43 units are located behind the British High Commission and are due to be completed by the first quarter of 2008.

It is no secret that the Boustead Group has an abundant landbank that Boustead Properties can fall back on, but Ghazali prefers to hold on to those tracts for a "rainy day". "We will be looking at opportunities to buy land for niche projects within the Klang Valley. Boustead Properties will continue to grow and now that we have won the award [*The Edge* Top Developers] three times, we will need to work even harder to keep up to the standards expected of us." E

BOUSTEAD PROPERTIES

FINANCIAL YEAR END DEC 31 (RM MIL)

Item/year	2006	2005	2004	2003	2002
Revenue	355	341	360	238	225
Pre-tax profit	224	87	143	120	90
Paid-up capital	255	255	255	176	153
Shareholders' equity	1,266	1,059	1,045	842	672
Profit attributable to shareholders	199	64	117	87	63
Dividend payout ratio (%)	28	72	42	33	35

ONGOING LAUNCHES

Project/location (phase)	Type	No of units	Selling price	Launch date	Take-up (%)
Mutiara Rini, Johor					
2B3	2-storey low/medium cost	184	80,000	Feb 07	90
3N	2-storey terraced	191	189,000	Dec 06	65
1K2	2-storey shophouse	38	360,000	Aug 07	70
3L	1-storey terraced	191	165,000	Feb 06	20
Mutiara Damansara, Selangor					
9	Condo	376	300,000 – 700,000	Feb 04	100
1F	Super-links & semidees	54	1,200,000 – 1,800,000	July 07	95
10	Super-links & semidees	123	900,000 – 2,000,000	July 07	80
1C2	Bungalows	8	2,300,000	March 06	100
1C	Bungalows	9	From RM3,000,000	Sept 07	NA
1G	Bungalow land	8	From RM200 psf	NA	80

IN THE PIPELINE

Project/location (phase)	Type	No of units	Selling price	Launch date
Mutiara Rini, Johor				
3P	1-storey terraced	112	175,000	Sept 2007
3Q	1-storey terraced	93	175,000	Sept 2007
2F1	2-storey terraced	104	198,000 – 242,000	Nov 2007
Mutiara Damansara, Selangor				
1D	Condo	310	RM400 psf	2008
8	Corporate lots	15	RM320 psf onwards	NA

BOUSTEAD PROPERTIES

Artist's interpretation of '923 Jalan Ampang'

Meeting global challenges

City & Country: Briefly, how do you see the industry evolving in the next 50 years?

Datuk Ghazali Mohd Ali: I expect there will be more international players (the likes of Four Seasons, Land Lease and many others) coming into the industry; a higher standard of excellence and quality expectations given our more discerning and better educated population; and last but not least, greater demand for accountability for and protection of the environment.

What will be the emerging trends in the living environment?

I see the following trends already in our midst:

- Townships are being built further away from city centres as travel time is reduced with the construction of better infrastructure facilities by the present administration. The LRTs and highways have made travelling hassle-free and people are willing to live further out from the central business areas. Therefore, demand for housing in suburban areas will augur well for developers, provided there is accessibility and amenities readily available.
- An increase in high-rise living in city centres as land becomes scarce and more expensive in the city. Well-planned and strategically located condominium projects will fetch premium prices.
- Energy saving and environment friendly homes and offices will become the norm rather than the exception.
- Lifestyle malls modelled after The Curve will sprout as Malaysians enjoy a higher standard of living. Shopping centres will now have to cater to all members of the family and a visit to the mall becomes an "all day" affair.

Going forward, what are the challenges that you foresee?

We will need to constantly update ourselves with knowledge, especially in latest developments in building technology if we are to compete with international developers on our own turf.

The area of environment protection and energy saving is a challenging one but rewarding as we would be doing more to conserve energy and protect the environment. However, it involves changing mindsets and accepted norms as well.

We will also need to be more efficient in terms of cost, quality and speed of delivery.

As a developer of a shopping mall, we also see the need to bring in fresh ideas to draw shoppers and one area that there is a need to address is edutainment for children between the ages of five to 12 years.

How can the industry in general and your company in particular address these issues?

Addressing competition from international players requires commitment in terms of raising the playing field to international levels, that is the use of new technology in construction and marketing of products internationally.

It would help the industry as a whole if there were a central research body for the construction industry to help drive the use of new methods of construction that are already being used overseas.

Boustead Properties is a niche developer where we focus on unlocking the value of each location we venture into.

In Mutiara Damansara, we built on the strength of the location by enhancing the accessibility of the site, while creating a catalyst for the location through The Curve, IKEA, Ikano Power Centre, Tesco and Cineleisure. At the same time we restricted plot ratio to no more than 1:3 so that the area would become over-built.

We also embarked on the use of chilled water for the air-conditioning needs of The Curve as a means of using less electricity during the peak daylight hours as our way of saving energy. This method of air-conditioning will be used for our future commercial developments.

In Mutiara Rini, Johor, we focused on the upgrading market. We also read the market's needs for schools and sports facilities and met these demands by building schools and providing land.

We have built our expertise in and will continue to focus our attention on niche developments catering to the demands of buyers, unique to each development property project we embark on as we move forward in the next 50 years. E

BRDB: Weathering property cycles, maximising returns

| BY FINTAN NG |

It's been three years since Bandar Raya Developments Bhd (BRDB) embarked on a rebranding exercise that saw it unveil a new vision, mission and logo. This came on the heels of a shareholding change, with current chairman Datuk Mohamed Moiz JM Ali Moiz emerging the controlling shareholder after acquiring a 32.75% stake from Multi-Purpose Holdings Bhd. Today, through Ambang Sehati Sdn Bhd, Mohamed Moiz holds a 19.33% stake in BRDB.

The group has seen some exciting times in recent years. The last two years saw BRDB putting on the market several high-end developments in downtown Kuala Lumpur and in the developer's heartland of Bukit Bandar Raya. It also acquired several tracts in and around Kuala Lumpur. Beyond Malaysian shores, the developer entered into a joint venture with the Defense Housing Authority of Lahore to develop the 325-acre mixed development Defense Raya Golf Resort in Lahore, Pakistan.

When met recently, BRDB's CEO Datuk Jagan Sabapathy had this to say: "I can't complain. We've been working very hard and things are looking good; we're in for interesting times."

Jagan's upbeat mood must be based on a myriad of factors — the developer has been breaking new ground in both downtown Kuala Lumpur and Bukit Bandar Raya. Also taking shape is the group's plans for a million sq ft of prime commercial space that will boost its recurrent income source and help it weather the property cycle.

This takes place against a background of an economy that, according to Jagan, is chugging along nicely despite the recent turmoil in the credit and equity markets. Proactive government measures related to the property sector have a lot to do with his upbeat sentiment, he says, apart from the rollout of projects earmarked under the Ninth Malaysia Plan, and the launch of the Iskandar Development Region and Northern Corridor Economic Region.

It has been a busy year for BRDB. Construction work on The Troika in KLCC is moving along well; sales have been good, particularly this year with a good mix of foreign and local buyers, Jagan tells *City & Country*.

KENNY YAP/THE EDGE

Jagan: I can't complain. We've been working very hard and things are looking good; we're in for interesting times

The Troika, located on a 2.13-acre freehold parcel on Jalan Binjai and in the shadow of the Petronas Twin Towers, is about 65% sold. Prices range from RM1,400 to RM1,500 psf, with the highest being RM2,250 psf. This price is also believed to be the highest to date in the marketplace.

Jagan says: "One Menerung has done very well too; we launched it at prices ranging from RM750 psf to RM850 psf last December and we're now over 80% sold, with a recent transaction at RM1,264 psf. What's most important is that many of the buyers are repeat customers, a clear indication that we continue to stay relevant to our customers."

One Menerung is located on a 9-acre freehold parcel behind the group's Bangsar Shopping Complex (BSC) in Bukit Bandar Raya.

"The current phase of CapSquare is being completed while the condominium block is being handed over to buyers," says Jagan, adding that CapSquare's retail space and the signature offices will be opened before the year bows out. The 15.2-acre freehold CapSquare, to be completed in 2010, is a RM2 billion integrated development offering 3.8 million sq ft of space in two high-rise office towers (one of which is the existing Menara Multi-Purpose), two mid-rise office towers (under construction), four signature office buildings (completed), two condominium towers (one of which is in the process of being handed over), a hotel, a 4-storey shopping centre and a 300m long retail street.

Recurrent income

Property development activities aside, plans are ongoing to expand the group's recurrent income to RM100 million annually by 2009 from a million sq ft of commercial space, says Jagan. Currently, BRDB has three investment properties — BSC, Permas Point and Permas Mall. The latter two are located in its Bandar Baru Permas Jaya township development in Johor.

BSC's expansion and refurbishment exercise is well under way and due for completion in 2009. "All in, come 2010, we will have one million sq ft of Grade A commercial space," Jagan says.

The company will also have 65,000 sq ft of retail and 200,000 sq ft of office space on a 2-acre freehold parcel behind BSC, providing BRDB with some 330,000 sq ft of retail space and 200,000 sq ft of office space when completed.

"The retail portion of CapSquare will come onstream next quarter and we're adding 160,000 sq ft of office space in CapSquare to our portfolio of investment properties. By 2009, the Troika will add about 100,000 sq ft as well," Jagan says.

The property investment portfolio of the group may be divested into a real estate investment trust (REIT) in the future if it enhances shareholder value, he adds.

"We see our property investment portfolio as part of our overall strategy of income diversification. It will help us mitigate the cycles of the industry. Come 2010 and beyond, we will consider the setting up of a REIT if we strongly feel that it will enhance shareholder value."

Meanwhile, the Defense Raya Golf Resort in Lahore, Pakistan, is progressing well. A total of 174 villas were launched last November, with a current take-up rate of 80%. Work on the 18-hole golf course is proceeding well as is the construction of the villas. The developer expects to unveil shopoffices and more residential units before the end of the year.

If there is a cloud among BRDB's ongoing developments, it must be Bandar Baru Permas Jaya, where the developer still has an undeveloped landbank of 366 freehold acres. But Jagan is convinced the township will pick up eventually. "I'm one of those who believe in the Malaysia-Singapore convergence," he offers.

He points out that although the Permas Jaya township has been quiet, there has been a marked increase in activity over the past three months. "I am extremely positive over Permas as it is poised to benefit from the boom in the Singapore economy and the development of the Iskandar Development Region," Jagan says.

Manufacturing activities

BRDB is still looking at divesting its 56.7% stake in particleboard maker Mieco Chipboard Bhd, Jagan says. There are good reasons for this. "While there are synergies that we can explore between BRDB and Mieco, each is essentially a separate business. They need to chart their future independently to make the most of the opportunities in their own marketplace while benchmarking themselves against the best in their business," Jagan explains.

Early last year, BRDB failed to secure sufficient support from shareholders to delink Mieco from the group. "We intend to revisit it

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New levels of returns

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in the future as we feel it will be of benefit to all parties," says Jagan.

It should be noted that whilst the property division contributed RM191 million to BRDB group revenue for FY2006, the bulk or RM331.2 million of the amount was contributed by the manufacturing division.

Rebranding

BRDB has seen a lot of changes since the group embarked on a rebranding exercise. "When we evaluated our brand in 2004, we defined ourselves as the community builder. We have a 40-year heritage of building communities that have withstood the test of time, and we are valued for them," Jagan says.

"That reputation started when the market was still in its infancy, when standards were not as clear or as stringent as they are now. At a time when the market was still evolving, we set our own quality standards and we have the product and reputation to show for it," Jagan points out.

And the market has responded. Jagan says: "They like the fact that as a company, we are not just giving them high-quality, high-value products, but that we're also taking them to new, global levels. Our clients, customers and partners are enjoying new standards of living and seeing new levels of returns because of the way we push the envelope.

"We feel this refinement is important because quality is now viewed and measured beyond the tangibles, beyond bricks and mortar. We have a market that sees quality as a measure across all aspects. It covers the whole range, from the location, the address, the architects, the product design and the interiors to the finishing, the returns, the lifestyle and the capital gains.

"And it goes beyond that into the legacy it leaves behind. Is it an address that will remain in 20, 50, 100 years? Does it protect and nurture the environment in which it's located or in which it operates? So yes, quality is very important. But more so will be to compete on ideas and design."

The ability of the group to reinvent itself to be relevant not only in the market but also to its customers and stakeholders has ensured the developer's presence over the past four decades. Going forward, BRDB is addressing this by dividing the business into three segments — domestic development, overseas development and property investment — to sustain itself in the long run.

"We're looking to add to our landbank in the Klang Valley, Johor and perhaps Penang. Acreage per se is not the only way we look at adding to our landbank; in most cases, we evaluate the gross development value (GDV) potential of the land, for example, The Troika gives us a GDV of close to RM400 million per acre," Jagan says.

He continues: "At the same time, we need to be mindful of what's going on around the world; there are numerous opportunities in real estate in emerging Asia and in these instances, we believe our expertise and track record can be profitably employed. We started in Pakistan and we will be looking at opportunities elsewhere; we see these efforts as very profitable over time and will in some way allow us to manage cyclical risk."

The group is currently evaluating opportunities in India and Singapore because both these markets are experiencing phenomenal growth. "We will ensure that we go in at the right time to maximise value. We will make a call when the right investment opportunities come along," says Jagan. E

A recent secondary transaction of One Merenung has valued it at RM1,264 psf – significantly higher than the launch price of RM750 - RM850 psf

BRDB

FINANCIAL YEAR END DEC 31 (RM MIL)

Item/year	2006	2005	2004	2003	2002
Revenue	561.52	429.63	425.23	338.63	351.47
Pre-tax profit / (loss)	19.53	(64.14)	71.38	61.97	59.39
Paid-up capital	476.38	476.38	476.38	476.38	476.39
Shareholders' funds	1,379.26	1,148.93	1,226.41	1,195.93	1,158.66
Profit attributable to shareholders	1.18	(67.151)	37.33	42.42	82.80
Dividend payout ratio (%)	7.5	1.0	3.0	2.0	1.5

Note: 2005 pre-tax loss due mainly to Impairment losses on property development costs and on marketable securities, amounting to total of RM54.554 million.

ONGOING LAUNCHES — PROPERTY DEVELOPMENT

Project/location	Type	No of units	GDV (RM MIL)	Launch date	** Take up (%)
The Troika, KL	Condo	229	773	June/ 05	65
One Menerung, Bangsar, KL	Condo	229	712	June+Oct06	78
CapSquare Residences, KL	Condo	180	186	Oct 04	79
CapSquare Signature Offices A-D, KL	Office space	4 blocks	93	NA	NA
Defence Raya Golf Resort - Phase 1, Lahore, Pakistan	Mixed development	174	272	Nov 06	93

*** Including reserved units*

ONGOING LAUNCHES — PROPERTY INVESTMENT

Project	Type	Sq ft	Projected annual gross rental (RM MIL)	Rental commence
BSC Extension	Office and Retail space	252,000	22	2010
CapSquare Retail Centre & Street	Retail space	146,066	15	Q4 2007
The Troika	Retail and Office space	97,595	8	2010
CapSquare E-Centre & North & South Tower Retail Streets	Retail space	67,201	6	Q1 2008
CapSquare Res 2 Retail Street	Retail space	2,570	0	Q3 2011

IN THE PIPELINE

Project/location	Type	No of units	GDV (RM MIL)	Expected launch
Defence Raya Golf Resort	Mixed development	1,628	1,793	Q3 2007 onwards
CapSquare Residences 2, KL	Condo	176	227	Jan 2008
Taman Duta, KL	Condo	173	666	May 2008
Taman Zoo View, Gombak, Selangor	Semidees	14	37	May 2008
BBPJ Zone 2-5 BBPJ, Johor Bharu	2-S Houses	240	156	June 2008
Bukit Bandaraya, Bangsar, KL	Condo	212	719	July 2008
CapSquare North Tower,KL	Office space	1 block	102	Aug 2008
CapSquare South Tower, KL	Office space	1 block	117	Aug 2008
Jalan Langgak Golf, KL	Condo	12	50	Jan 2009
BBPJ, Johor Bharu	Condo and cluster homes	2,072	1,191	March 2009 onwards
The Hartamas Sanctuary, KL	Condo	698	440	July 2009 onwards

GDV: Gross development value

Planning for tomorrow's homes today

***City & Country:* Briefly, how do you see the industry evolving in the next 50 years?**

Datuk Jagan Sabapathy: Malaysia has grown tremendously during the past 50 years, successfully transforming itself from an agriculture-based economy into an industrialised and trading economy. In the next 50 years, Malaysia's development will continue to transform into a higher value-added economy, complemented by a knowledge-based service sector.

Key Issues in the next 50 years:

- Limited availability of urban land;
- Increase in urban renewal projects;
- Moving into outer fringes of suburban centres, which will be integrated with the older market centres through public rail link and public transport hubs;
- Increase in foreign investments and participation in the property market;
- Johor Baru and Klang Valley will become increasingly integrated with Singapore;
- Buyer awareness of environmental sustainability issues will increase;
- Buyers will be more educated, well travelled and be aware of latest international design trends and innovations; and
- Security, gated communities and electronic surveillance will become essential but common to all new higher-end developments.

What will be the emerging trends in the living environment?

At BRDB, we are already planning for tomorrow's homes today. Our development teams are exploring the use of new materials and technology to redefine the way we design, plan, build and live in the future.

There are seven key trends we expect to see:

- **Sustainable design.** Customers will want to live in less sterile but more livable environment. Designs will be basic and energy-efficient, using materials which minimise wastage.
- **Off-site prefabrication will become increasingly common.** Architects and builders will use modular building materials to create new efficient designs to reduce construction time and maintain a consistent quality finish. This will reduce on-site labour cost.
- **Healthy living by design.** Future buildings will be designed with emphasis on health and safety enhancement. Chemicals, toxins and additives used in building materials and construction will all be tested to ensure a safe and healthy environment for its occupants.
- **Flexible floor plans and design.** Future lifestyles will be driven by flexibility. Living spaces will be modified, with sliding doors and movable partitions built to allow flexibility in space arrangements. And future homes will have provision for office space integrated with telecommunication connections.
- **Outdoor green space.** Gardens and courtyards will become part of the integrated floor plan, even in highrise housing design.
- **Technology-driven living.** Smart homes that cater for the needs of different people living in one home. All electric-powered functions will be remotely controlled. Automation and intelligent buildings will be the standard of the day.
- **Lifestyle-focused developments catering to special interest groups, or meeting specific needs.** Resort developments for those who want a more relaxed lifestyle, waterfront developments for those who want to enjoy the pleasures of the sea, retirement communities for senior citizens, and education-based communities centred around institutions of learning.

Going forward, what are the challenges that you foresee?

There are three key challenges:

- **Staying relevant to customers.** This means continuously engaging with them, listening to them, and giving them what they want.
- **Staying affordable to our customers.** Rising interest rates will impact customer affordability, while we face rising cost of building materials. The build-then-sell concept will make homes expensive, so we must work with financial institutions to come up with innovative financing packages that help.
- **Having a skilled, knowledgeable and sensitive workforce — the human capital to keep the industry growing.** The quality of the workforce in Malaysia is worrying, and the cost of bringing in talent is increasing, especially in the wake of competition from property-intensive markets like Dubai and Singapore.

We must invest in developing local talents, otherwise we will become dependent on what the world can supply us, and this will put affordable homes out of the reach of most people.

How can the industry in general and your company in particular address these challenges?

We have to build brand loyalty. We have to invest in research and keep communication lines open with customers. This means constantly engaging with our customers long after they first buy from us.

We have to deliver affordable value. This means innovating to stay ahead of the game, managing the way we operate and keeping a close eye on costs. We have to understand the needs of the customers and deliver value accordingly. E

LEE LAY KIN/THE EDGE

Tham: As property developers, we must think more creatively to deliver healthy living environments

E&O Prop: Much to celebrate about

| BY DIANA CHIN |

It is not often that Datuk Terry Tham Ka Hon makes an appearance and consents to having his photograph taken. The managing director of E&O Property Development Bhd (E&O Prop) is known to be camera-shy, but this was a special occasion. It is the first time since the inception of *The Edge* Top 10 Property Developers Awards four years ago that E&O Prop has made it to the top 10, making its entry at the ninth position. After a quick but fruitful photography session where Tham briefly contemplated donning his favourite football team's (Liverpool) T-shirt, we settle down for the formal interview in his office that commands a view of the rooftop terrace of the 4-storey annexe of Menara Milenium in Damansara Heights, KL.

Tham has a lot to be pleased about this year. Since its emergence on Bursa Malaysia in October 2003 as E&O Property Development Bhd (the company was formerly known as Kamunting Corp Bhd before the name change), revenues have been rising steadily year-on-year, while profit attributable to shareholders doubled from RM64.8 million in FY2006 (ended March) to RM133.6 million in FY2007, resulting in a 38.68% dividend payout ratio for FY2007.

E&O Prop is the property development arm of Eastern & Oriental Bhd (EOB). Prior to the formation of E&O Prop, EOB undertook several property projects in KL since the 1990s. They include Sri Se-Ekar and 202 Desa Cahaya on Jalan Ampang's Embassy Row and the nearby Kampung Warisan.

While the shareholders should be happy to see their investment values double, Tham says E&O Prop's purchasers are also "all quietly celebrating". Buyers of its high-end condominium project, Dua Residency on Jalan Tun Razak, paid between RM500 and RM600 psf when it was launched three years ago. Today, property prices in the KLCC vicinity have breached the RM1,000 psf mark. The company's Ariza courtyard terraces in Seri Tanjung Pinang (STP) are now valued as high as RM860,000 compared to their launch price of RM750,000 in October 2005.

"I dare say that we've managed to meet most, if not all, of our customers' expectations. We have set a high standard for quality, have been timely in our delivery and have received good feedback where product and development designs are concerned," says Tham. This is reflected in the good take-up rates of the products. The niche bungalows and semidees in Damansara Heights called Idamansara are sold out, as are the first batch of 97 units of courtyard terraces in STP. Earlier this month, E&O Prop recorded more than 50% take-up rate over the weekend launch of its Waterside Suites offering 160 units of serviced apartments facing the marina at STP. As the flagship seafront development of E&O Prop, it is only natural that Tham has a lot to share about the project. STP's launch put E&O Prop on the radars of many analysts and pushed up its share prices.

Building confidence

"We have a lot of supporters from Penang, both investors and owner-occupiers," smiles Tham. The going, however, was not easy in the beginning. The now STP development had been abandoned (due to economic conditions at that time) before E&O Prop came in to resuscitate the project. The developer decided to take over the reclamation of Phase One comprising 240 acres of headland. Phase Two, comprising 740 acres in the form of multi-link islands, is still in the concept, design and planning stage.

Tham recalls the scepticism — from financing the project to its reclamation methods. Although it was a tried and tested method, questions still arose about the stability and safety of the landfill. "Unfortunately, the tsunami hit just as we were completing the reclamation. This increased the scepticism of buyers about seafront properties. But the fortunate part was that the whole site withstood the tsunami and even protected the inland properties. It was a good test, albeit not a very nice one to go through," he says.

Nonetheless, all is forgotten today as evidenced by the take-up rate of subsequent launches. "We have assured our buyers that we've employed safe construction methods. In some ways, we've been overly conservative and taken no chances. Even the swimming pool is piled," says Tham. Such precautions ensure that if there is any settlement at the landfill, the frame of the homes will not move because everything is reinforced and suspended.

"There was no such thing as a three-quarter-million ringgit terraced house in Penang when we first launched STP. We were the first to introduce such homes despite some concerns about stability. We still went to the market because we knew we had done the correct things where stability was concerned. Apart from that, I think our innovative design and good space planning, with emphasis on comfort, has played an equally important part in selling the houses.

"We're very happy to say that we've made a breakthrough. Even Penangites are not complaining about our prices now," says Tham.

Setting benchmarks

When the concession to reclaim STP was still under the UEM Group, the original plan was for the site to be more than 70% commercial. E&O Prop's decision to reverse this was based on market conditions in 2003, which indicated that it needed to bring in the population first before starting any commercial projects. "There is a strong demand for landed properties in Penang. We saw a vacuum that needed to be filled," says Tham, even though profits would have been better if it had been a commercial development.

"For STP to succeed, we have to make sure that people will buy into Phase One and move in. This will then attract commercial activities later," he adds.

When asked if there were any reservations about setting prices never seen before in Penang, Tham is quick to point out that prices were commensurate with the products offered. "We were not offering something inferior. It was a

E&O PROPERTY DEVELOPMENT

FINANCIAL YEAR END MARCH 31 (RM MIL)

Item/year	2006[1]	2005[1]	2004[1]	2003[1]
Revenue from continuing operations[2]	325.37	114.70	43.45	31.98
Revenue from discontinued operations[2]	435.30	329.11	438.08	364.85
Pre-tax profit/(loss) from continuing operations[2]	57.61	18,07	(9.09)	3.67
Pre-tax profit/(loss) from discontinued operations[2]	45.39	45.53	54.71	44.75
Paid-up capital	568.62	568.62	557.21	393.02
Shareholders' funds	674.93	610.16	573.96	391.11
Profit attributable to shareholders	64.80	38.09	11.87	16.44
Dividend payout ratio (%)[3]	—	—	—	—

[1]Restated pursuant to Financial Reporting Standard 5 in relation to the discontinued operations and pursuant to Financial Reporting Standard 101 in relation to the share of taxation of associates

[2]As an integral part of the listing of Putrajaya Perdana Bhd ("PPB") on the Main Board of Bursa Securities, EOPD's entire equity interest in PPB was distributed via a special dividend and offered for sale. Consequently, EOPD Group discontinued its construction and related activities via PPB with effect from October 2006

[3]Assuming the ordinary shares in EOPD has a par value of RM1.00 each throughout the financial years under review. basic dividend payout ratio was derived by dividing yearly dividend per share with earnings per share

Note: E&OProp was listed on Bursa Malaysia on 23 October, 2003. Prior to that, the company was known as Kamunting Corporation Berhad

ONGOING LAUNCHES

Project/location	Type	No of units	GDV (RM MIL)	Launch date	Take-up (%)
Dua Residency, Jln Tun Razak	Condo	288	493	April 04	90
Seventy D'sara, D'sara Heights	Detached	12	76	Jan 06	85
Idamansara, D'sara Heights	Detached & Semidees	91	295	May 06	100
Seri Tanjung Pinang, Penang					
- Ariza Courtyard Terraces	Terraced	97	80	Oct 05	100
- Ariza Courtyard Terraces	Terraced	160	133	Dec 05 Nov 06	90
- Avalon & Acacia Semidees Homes	Semidees	88	125	June 06 April 07	 75
- Bungalow Plots	Land plots	48	73	Feb 06	80
- Waterside Suites	Serviced apartments	160	123	July 07	New launch

GDV: Gross development value

IN THE PIPELINE

Project/location	Type	No of units	Expected launch
Seri Tanjung Pinang, Penang			
- Bungalows	Bungalows	73	4Q 2007
- Condo	Condo	~800	1Q 2008
No 19 Yap Kwan Seng, Kuala Lumpur	Condo	~80	3Q 2008
St Mary's land, Kuala Lumpur	Serviced apartments & commercial	~650	4Q 2008
Wisma Damansara land (JV with Selangor Properties)	Serviced apartments/office	TBA**	TBA

** GDVs for projects in the pipeline are unconfirmed at the moment. The projects are in their final planning stage and pricing will depend on factors such as specifications given to purchasers and market condition*
*** TBA: To be announced*

terraced house that's more like a semidee but cheaper. Let's not forget the shared facilities like the linear parks which are landscaped at our expense," he says.

"We were confident that in time, the people's mindset about the project and pricing would change. Our subsequent launches are proof. There's not much resistance even after we've increased prices." Currently, more than 500 units have been launched with a total gross development value of RM534 million. These include terraced houses, semidees, bungalow plots and serviced apartments.

Up next at STP will be 73 units of seafronting luxury villas, in partnership with CIMB-Mapletree and Al Salam Bank of Bahrain and seven blocks of condominiums with a maximum height of 15 storeys. There will be a total of 840 units. Tham promises that every block will come with a seaview that will complement the water-themed clubhouse.

"It's going to be very exciting to see a five-acre swimming pool that can hold various water activities coming to fruition by the end of this year," says Tham, who believes the strata-titled properties will attract more foreign buyers to STP.

Currently, about 20% of STP's buyers are foreigners. E&O Prop has also started some aggressive marketing overseas, going to Singapore, London, Hong Kong and Medan. A sales office will be opened in Singapore next month. The Malaysia-My-Second-Home programme is also attracting some buyers.

Quality control

Setting a certain standard of quality has always been E&O Prop's priority. "As a developer, I appreciate quality. Unfortunately, the Malaysian construction industry has not reached standards of countries like Japan, for example.

"Various factors contribute to this, one of them being labour shortage. There is an influx of foreign workers who are not exposed to the type of quality we are looking for and we have to go through the process of educating them first. This, however, takes time and time is not a luxury we can afford.

"Nevertheless, as a developer, we still have to find ways of improving quality because buyers are more discerning and demanding today," says Tham.

To ensure its products are of good quality, E&O Prop gets its senior management and consultants to work closely together with the contractors. Recently, an audit body comprising external consultants has also been set up to do regular checks. The onsite show houses also helped serve as a benchmark for contractors to get a better idea of what kind of quality standards the developer expects.

Tham adds that in E&O Prop's future projects, the company will start work ahead of its launches. "Under the Housing Development (Control and Licensing) Act 1966, we have 36 months to deliver a highrise. This is almost impossible if you're planning to build something like 35 storeys in the heart of the city. There are bound to be problems if you rush and one of the ways of mitigating this is to start construction much earlier. It's a bit taxing on the cash flow, but this is our commitment," says Tham.

Growing the brand

The 35 storeys that Tham is talking about is where the E&O Hotel KL will be located. In May last year, EOB signed a joint-venture agreement with the Lion Group to develop 5.28 acres in KL's golden triangle. Formerly the site of St Mary's school, the development will feature three blocks of 30-storey serviced apartments with a low-rise retail food and beverage outlet annexe. Next to this is a 35-storey Grade A office building, the top half of which will be the E&O Hotel KL. E&O Prop will probably retain the retail section measuring some 30,000 sq ft for recurrent rental income. Tham expects piling to start next month with the launch planned for the fourth quarter next year.

Another upcoming sizeable project in KL will be the development of offices and serviced apartments at the carpark area of Wisma Damansara on Jalan Semantan. Over six acres, this is a joint venture with landowner Selangor Properties Bhd. Coincidentally, the site faces the gated and guarded enclave of Idamansara. The development plan is currently being conceptualised for submission to the relevant authorities for approval.

Apart from the planned serviced residences in KL which will leverage on the group's hospitality experience, there is still much to develop if E&O Prop's current landbank is anything to go by. It has 310 acres in Kemensah Heights and another 350 acres in Penang. This is in Gertak Sanggul, the next growth area as it is located close to the second Penang bridge.

It looks like the company has a knack for spotting good buys. Tham merely smiles, saying all the land purchases were made at "reasonable prices" during the economic downturn. E

E&O PROP

An artist's impression of the 'Marina' serviced apartments, part of the Waterside Suites at Seri Tanjung Pinang

Leveraging on the E&O brand

***City & Country:* Briefly, how do you see the industry evolving in the next 50 years?**

Datuk Terry Tham Ka Hon: If we look at how the property development industry in Malaysia has evolved in the last half century, it will give us an insight into what we can expect in the next 50 years.

Property development was once the domain of family-run concerns involved in small-scale projects. With time, the industry has come to be dominated by several public-listed corporate entities, possessing the financial clout to simultaneously embark on a portfolio of large-scale developments. As the marketplace becomes increasingly globalised, I expect the future will see the emergence of 'big name' international property players entering the Malaysian real estate sector. In fact, this international presence is already evident, especially with local property development companies forming partnerships with foreign companies as well as investors.

This trend of internationalisation has associated implications for the industry. It will certainly heighten competition, but also broaden the market reach of Malaysian properties to an international audience. In response, I expect property developers to embrace higher product and service standards that reflect the expectations and preferences of an increasingly discerning and widely travelled clientele.

What will be the emerging trends in the living environment?

I believe security is an issue that will only grow in importance in the minds of property purchasers. However, to feel safe in one's home is not the only factor to foster overall well-being. In today's hurried cityscape, a home should also provide shelter from the frenetic pace and stress of urban demands. It should convey a sense of calm and relaxation where residents can consciously escape to a healthier frame of mind. As property developers, we must think more creatively to deliver healthy living environments. Within the Kuala Lumpur city centre, this may involve greater care in landscaping and generosity of space in common areas at the expense of maximum density, as we have done at Dua Residency. Or it may mean taking full advantage of the attractions of a prime seafront location, such as our integrated masterplan development Seri Tanjung Pinang.

Going forward, what are the challenges that you foresee?

Given that the property field will see more international players making their presence felt, the challenge for local developers will be to compete effectively with these new entrants who are likely to have considerable financial, technical and marketing resources, expertise and experience to call upon.

For E&O Prop, the challenge is to keep the pressure on to continually step up our game. As a premier developer focused on prime locations, we must also deliver products and services that correspond with the expectations and requirements of an increasingly sophisticated buyer, one whose international exposure and purchasing power commands the best of international standards in property development.

How can the industry in general and your company in particular address these challenges?

Although we proudly bear the name of our luxury heritage Eastern & Oriental Hotel in Penang, which was established in 1885, E&O as a property development company was only incorporated in 2003. As a relatively new brand in this industry, E&O Prop is still at the start of a promising journey, and we intend to leverage on and strengthen the 122-year E&O brand in the property development arena. To realise our true potential and compete effectively, we need to be disciplined in our business strategy of focusing on premier developments in the most prime of locations. We must be aware of current and anticipate future trends and criteria, aspiring to match standards and expectations prevalent in developed countries. To achieve this requires continual improvement on all fronts, particularly in adopting a flexible and progressive mindset, whether it is within management or our workforce on site. One way to accelerate this learning curve is E&O Prop's practice of collaborating with award-winning international consultants and business partners who are widely recognised as leaders in their respective fields.

With regard to the industry, all developers must strive to adhere to international, not just local, industry best practices. I believe this is the way forward for the Malaysian property development industry in the next 50 years. E

SUHAIMI YUSUF/THE EDGE

Tong: Our customers have benefitted from substantial capital appreciation and high rental yield

Sunrise: Creating value for buyers

| BY DIANA CHIN |

There is nothing unusual about bosses sending out memos but Tong Kooi Ong prefers to write what he calls "love letters". And the executive chairman of Sunrise Bhd sends these letters to his staff once every few months. "I write to them about who their stakeholders are; how to treat our customers, what's our business proposition, what they should be doing as custodians of the company…" he tells *City & Country.*

After 4½ years at the helm of Sunrise, this is Tong's first interview for *The Edge* Top Property Developers Awards. The fifth year of the awards, Sunrise has always made it to the top 10.

While some head honchos are orators, Tong is more — he is a wordsmith and definitely an avid reader/collector. Floor-to-ceiling bookshelves line the walls of his sedate office in Plaza Mont'Kiara and just before we settle down for the interview, he whips out Gaston Leroux's *The Phantom of the Opera*. On the inside of the ageing book's cover is an autograph of the author. There is also the complete series of Adam Smith's *The Wealth of Nations*. The second edition collection is in pristine condition, which he is obviously proud of. Where does he find the time to read? In between work, he says.

Those familiar with Tong will tell you he's one astute businessman who expects results. He laughs when he recalls his first meeting with senior management of Sunrise. "Each of them presented what he was doing and how much they were contributing to revenue. I let them finish. When it came to my turn, I told them the numbers I wanted to see," he reminisces. The answer Tong got was: "Impossible".

Indeed as it has turned out, nothing is impossible.

Today, Tong is quite pleased with what Sunrise has achieved. The group's pre-tax profit may have plunged to RM41.7 million in FY2006 from RM150.2 million a year ago, shaving off profit attributable to shareholders, but there is a deliberate and valid reason for this. The drop came about because of certain provisions made for diminution in asset values related to two parcels of land in Kajang, and another tract in Mersing, Johor, as well as a property investment in Australia.

Despite the significantly lower pre-tax profit, Sunrise managed to remain in the league of the Top 10 players in *The Edge* Top Property Developers Awards 2007, which is based on both FY2006 figures and qualitative attributes.

Going forward, while FY2006 may have been a tad disappointing for Sunrise shareholders, FY2007, which ended on June 30, has the group chalking up a substantial 55% growth in revenue — from RM359.2 million to RM556 million. Contributing significantly to the growth are its retail and commercial properties, Solaris Mont'Kiara and Solaris Dutamas. Residential products that expanded revenue include Mont'Kiara Banyan, Mont'Kiara Meridin and 10@Mont'Kiara (MK10).

Appreciating and sustaining values

"One of the things that attracted me to Sunrise was its business proposition," says Tong. He explains that it is not about creating the nicest or biggest property. Instead, it's about creating value in each Sunrise product. He cites MK10 as an example. Tong recalls how 50% of MK10 was snapped up in two days of its launch. "Some developers would have taken the opportunity to freeze sales and up the price but we didn't," he says, adding that the company's decision was to enable purchasers to enjoy good capital appreciation.

"Our customers have benefited from substantial capital appreciation and high rental yield on all our recently-completed projects," he says. Historically, Sunrise's properties have enjoyed capital appreciation of up to 60% and rental yield of between 8% and 12%.

The developer has also spent more than RM7 million to date upgrading the environment around its developments in Mont'Kiara. These include stationing guards at strategic locations to help direct traffic and ease congestion.

"I dare say that we've created value for our purchasers. That is why we've diversified from just developing high-end condominiums to offering retail and commercial properties. These will help generate traffic into Mont'Kiara and, in turn, benefit the residents," says Tong.

As we speak, Sunrise is working at getting another international school into Mont'Kiara. Currently, there are three international schools there — the Garden International School, the Mont'Kiara International School and French International School.

Believing that purchasers buy a product for the "experience of having owned that asset", Tong expects Sunrise to move away from the standard condo design. "Take MK10. It has an efficient design but it's boring. We can't keep putting the same type of products on the market. That's why we've come up with the iconic 11@Mont'Kiara (MK11)," he says.

Apparently, the cost of building MK11 is 33% higher because of its circular shape, which offers the homeowner a 280° view. Pegged at RM727 psf upwards, this is a new benchmark for Sunrise and also the condos in Mont'Kiara. Already, 50% has been pre-booked even before its launch.

Success an attitude

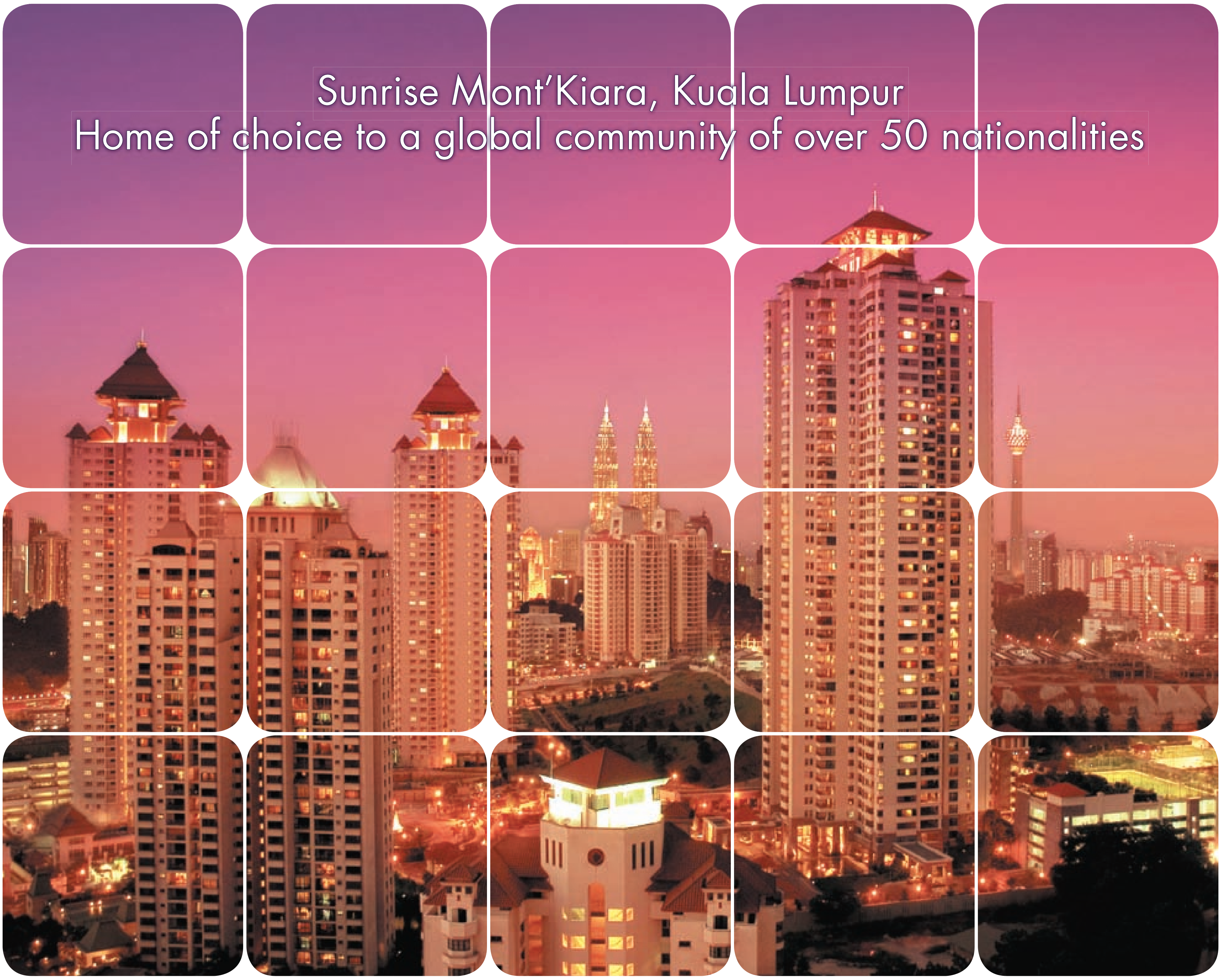
While many maintain that the mantra "location, location, location" determines the success of a project, Tong feels it is more than that. Although a good location is important, ultimately it is the people who will determine success or failure. Even though Sunrise projects have sold well in the last few years, to Tong, the important bit is to deliver not just the product but also the experience of the product and the quality and service standards promised. "Our success will be determined by the abilities of our people to deliver these promises."

To ensure this, Tong has been drumming into Sunrise staff that success is not a goal but an attitude. "It has been a challenging three years for me where I've spent a lot of time talking to our employees, encouraging them to communicate but it all goes back to what Sunrise is.

"A lot of people think it's the physical aspect but we think it's the people. It is the people and the attitude that will make us winners, not another product with a beautiful landscape," he adds.

From Tong's observations, attitudes have improved. From a system that used to be feudal with few initiatives, the company is functioning "more like a family", he says. And thanks to a good market run over the last few years, employees have been rewarded accordingly. The average salary and benefits for each staff was increased

CONTINUES ON PAGE 42



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Building more than dreams

***City & Country:* Briefly, how do you see the industry evolving in the next 50 years?**

- **Environment and sustainability**
  Tong Kooi Ong: These two key issues will take centre stage, influencing the planning of development and use of land. At Sunrise, we are already seeing ahead to the need for greater environmental preservation and increased sustainability, which call for a reduction in the footprint of human civilisation, meaning we have to reduce the amount of land space devoted to human habitat and increase the amount of space for nature.

What will be the emerging trends in the living environment?

- **Multimix developments for energy efficiency**
  The demand will be for energy-efficient green buildings, zero pollution developments, water management that includes wastewater recycling and utilisation of rainwater, and a halt to the suburban sprawl that consumes vast acreage for buildings rather than as green space. What Sunrise is doing and will continue to do in being environment-friendly and socially responsible is to build up, not out, so that we use more air and less land for buildings.
  To combat pollution, we should travel shorter distances between work, home, education and leisure. This calls for multimix developments that integrate residential, commercial, retail, education, leisure and medical facilities in one complex, hence cutting down extensive daily commuting that is a major contributor of carbon emissions.
  To maximise use of energy, material and human resources, another emerging trend will be for cities to synergise through pairing or grouping within countries, regions or caucuses. This is the concept of Net Cities, Pod Cities or Cluster Cities that take greater advantage of new information technology.
- **Liberalisation of property ownership**
  More widespread globalisation will prompt investors to include overseas properties in their portfolios. This will change the dynamics of property development and property laws should evolve to take into account the internationalisation of property ownership.

Going forward, what are the challenges that you foresee?

- **Management of diversity**
  The need to manage diversity is crucial as our cities become more culturally and ethnically mixed with mobility of people across borders becoming a norm. In Sunrise Mont'Kiara, we are glad to present a success story of multicultural harmony wherein more than 50 nationalities participate in our community life.
- **Facing mind obstacles**
  These include poor understanding that change is inevitable. One such change is the growing propensity of young urban professionals to seek careers overseas or to join multinational companies that provide opportunity for regional postings. With human capital demanding that it be allowed to move from nation to nation without much restriction, salaries and job structures will need to evolve with this growing trend.

How can the industry in general and your company in particular address these challenges?

- **Industry** – To enhance sustainability, the industry needs to employ ecological decision-making in addition to the traditional factors that it considers in planning a development. There has to be a move towards widespread adoption of methodologies and materials that impose a smaller burden on the natural environment.
- **Sunrise** – Our developments in Mont'Kiara are a good example of sustainable living because Sunrise is very conscious about the need to synchronise the built and natural environments through balance and harmonisation. We have environmental management systems in place and our staff are constantly reviewing the progress of conservation methods.
  To sharpen the thinking of Sunrise employees, the company has just reshaped its vision statement to clearly express the company's aspiration to deliver sustainable and appreciating value for customers, staff and shareholders. Our company's new mission statement focuses its actions on delivery of value to customers, creating a rewarding and meritocracy-based work environment for staff, creating value for shareholders and caring for the wider community including the promotion of environmental programmes. To encapsulate all these, we have a new tagline: Building dreams, creating value. E

FROM PAGE 40

by almost 30% in 2006 compared to the previous year. These include subsidised education fees and scholarships for employees' children and a lump sum loyalty payment every seven years.

Was this prompted by a high staff turnover? Tong says it was otherwise. Since last year, the company has emphasised on making Sunrise the "preferred employer". He is clearly concerned about the "brain drain" the country is experiencing. It is difficult to get good people and have them stay on. Sunrise is no different, he says. "Although we pay better than many others out there, that on its own is no justification not to pay even more."

To address the shortage of human capital, the company's human resource department has gone through a revamp, with its functions changed from administrative to recruitment and retention. Each year, Sunrise hires between 70 and 80 people but, at the same time, the developer does not hesitate to terminate employment. Says Tong, "One has to be focused in business. It's never personal. So staff understand that those who end up at the bottom five of the scoring system each year are removed."

Surviving a downturn

Over the years, the company's name has become synonymous with product quality. However, Tong maintains that this is something very subjective, preferring to focus on appreciating and sustaining values.

But how does one live up to this in the event of a downturn?

"I am sure it will happen one day. In my mind, I have a date. But risk management is as important as profits. We have the largest unbilled sales in the country to date, which is over RM1.3 billion," says Tong. The last 12 months have been good for Sunrise, which chalked up more than RM1 billion in sales, something never seen before. Over the next 12 months, unbilled sales are expected to surpass the RM2-billion mark, with more products being put on the market. Among these will be MK11, MK20, MK28 and an office development in the city centre (refer to table on projects in the pipeline).

"I'm not saying that we won't be affected if there's a property crunch, but I expect that we will come out of it faster. The other thing that should help us is our gearing." Tong reckons that by June 2009, Sunrise will have zero debt.

What if things do not proceed as planned? Is failure an option for a respected developer like Sunrise? Says Tong, "The opposite of success is not failure but mediocrity. It is the ability, willingness and bravery to confront the possibility of failure that defines greatness." E

SUNRISE

FINANCIAL YEAR END JUNE 30 (RM MIL)

Item/year	2006	2005	2004	2003	2002
Revenue	359.19	367.72	259.14	174.28	166.01
Pre-tax profit	41.75	150.22	52.53	42.32	39.83
Paid-up capital	424.52	422.68	263.36	185.09	184.23
Shareholders' funds	506.87	562.18	473.44	354.26	328.93
Profit attributable to shareholders	7.11	104.69	33.36	29.88	25.33
Dividend payout ratio (%)	35	* 35	50	30	31

** Adjusted for provisions for diminution in asset values (RM87.4m)*

ONGOING LAUNCHES

Project/location	Type	No of units	GDV (RM MIL)	Launch date	Take-up (%)
Solaris Mont'Kiara Ph 2	Office & retail	358	253.35	Dec 04	98
MK Banyan	Condo	147	139.88	April 05	94
Solaris Dutamas Ph 1	Shop/office/serviced apartments	544	321.35	May 05	91
Solaris Dutamas Ph 2	Shop/office/serviced apartments	970	384.28	July 05	93
Solaris Dutamas Ph 3	Shop/office/serviced apartments	556	342.46	Jan 07	69
MK Meridin	Condo	228	187.87	Jan 06	79
10@Mont'Kiara	Condo	332	676.69	Sept 06	91

GDV: Gross development value

IN THE PIPELINE

Project/location	Type	No of units	GDV (RM MIL)	Expected launch
MK16B	Bungalows	20	110.00	1Q2008
MK11	Condo	410	770.00	4Q2007
MK28	Condo	500	500.00	2Q2008
MK20	Mixed development	566	576.45	4Q2008
Solaris 3	Mixed development	—	1,006.66	1Q2009
Lot 121	Condo	—	223.52	1Q2009

PATRICK GOH/THE EDGE

The iconic MK11 is set to change the highrise landscape in Mont'Kiara

OFFSHORE

Buying in uncertain times

Niche developer Heeton Holdings continues to look for good residential development sites both in Singapore and Asia as it hedges its bets

| BY **CECILIA CHOW** of The Edge Singapore |

Danny Low, chief operating officer and executive director of Heeton Holdings, is feeling a little circumspect these days, even though the niche property developer acquired Grange Court at 74 Grange Road in Singapore for S$72.8 million (RM167.03 million) just two weeks ago.

"Our appetite is still there but we also have to be very cautious," Low says. That doesn't mean he won't be buying sites, but he will just be more selective.

Apart from the traditional slowdown during the Hungry Ghost Festival, local property developers and investors are also "haunted" by the fallout from the US subprime loan crisis. "Anyway, even in the best years, the third quarter is a quiet period, so [it's] just as well," says Karamjit Singh, managing director of property consulting firm, Credo Real Estate.

Singh's firm had successfully brokered the first billion-dollar collective-sale deal in Singapore — that of Farrer Court, the privatised HUDC estate that was sold to a CapitaLand-led consortium for S$1.8 billion at end-June. He is predicting a slowdown in collective sales in 2H, although he thinks they may pick up towards year-end.

He cites four reasons for fewer deal flows in the coming months. "First, 1H has been exceptional, with a record number of deals done. So, the magnitude and pace are not sustainable," he says. "Second, many developers have bought a lot of sites. They would need to slow down and digest before they chew on more again. Third, this seeming uncertainty and liquidity crunch are taking a toll on sentiment. Fourth, there would be more steps required and processes to be adhered to in collective sales arising from the new laws that are coming up in September."

As for small residential development sites of 10,000 to 20,000 sq ft, the main mode of marketing will be by private treaty because the main audience is smaller developers and contractors-turned-developers who prefer private-treaty negotiations to the formal tender process, says Credo's Singh. And there are still such sites available in the prime districts.

Heeton's Low agrees, as he had acquired Grange Court via private treaty. He prefers to buy larger sites worth above S$100 million as part of a consortium to reduce risk. This was seen in June when Heeton, along with another boutique developer, Koh Brothers, and two construction companies, KSH Holdings and Lian Beng, jointly acquired Lincoln Lodge off Newton Road for S$243 million.

THE EDGE SINGAPORE

Low: People are more cautious as sentiment is affected

Both Heeton and Koh Brothers' maiden luxury-end project, the 53-unit Lumos in Leonie Hill Road, were 40% sold through private sales previews over two weekends last month. Units changed hands at more than S$3,000 psf. Koh Brothers and Heeton had jointly acquired the site (the former Hilton Towers) in April last year for S$79.2 million, or S$880 psf per plot ratio, including a development charge of S$3.9 million. "When we bought it last year, we thought it was quite expensive, but now we are happy we did," says Low.

But he plans to hold back the launch of the remaining units at The Lumos, given the prevailing market uncertainty. "People are more cautious as sentiment is affected," says Heeton's Low. "I think properties in the S$1,000 to S$2,000 psf range will not be affected. But when you move to the high end, those who are thinking of buying a property from S$3 million will be a bit more selective because of the market situation... So we are holding back — even all the big developers are holding back their luxury-end launches, except those at the very top end who are selling on a by-invitation basis."

Locations Heeton is eyeing

While Low still favours freehold residential sites in the prime Orchard Road districts of 9, 10 and 11, because these are areas that he knows well, he doesn't rule out buying sizeable, 99-year leasehold sites located in the suburbs if they are close to an MRT station.

Sites he sees potential in include those on the fringes of the prime districts, including the Upper Bukit Timah area, where the new MRT stations are coming up along the Bukit Timah Line, as well as the Farrer Road area near the Botanic Gardens.

"Properties in the Bukit Timah area have seen a filtering-down effect from the bull run of the luxury market," says Ho Eng Joo, director of investment sales at Colliers. "With the upcoming Bukit Timah MRT line, which would enhance the accessibility of projects in the area, we are optimistic that the demand for residential units in the area will increase and interest from developers will be boosted."

Heeton's boutique apartment project at 72 Stevens Road, called The Element at Stevens, is already 70% sold. There are only five units available and, this week, it will receive its temporary occupation permit. Low believes response will be good for the remaining units as owner-occupiers can move in immediately, and investors can lease them straight away. Another existing project that is also fully sold is its DLV along Dalvey Road, which it had launched in 2005.

Its retail-apartment project called El Centro at 11 Kee Seng Road is located across the street from Keppel Tower in the Tanjong Pagar area. Given the current overwhelming demand and tight supply in the CBD area, El Centro is seeing a doubling in rental rates. "When we first leased out El Centro, rental was S$2,000 to S$2,500 a month," says Low. "Now we are leasing at S$4,000 and above."

In the Pasir Panjang area, Heeton has launched the 20-unit The Cassandra at 132 Pasir Panjang Road, and it is also planning a cluster-housing development at 380 Pasir Panjang Road on the site it acquired in May for S$9 million. It plans to call the new development Juluca and launch it for sale in November. In January this year, Lynnsville 331, its low-rise cluster housing development along Pasir Panjang, was fully sold. Development properties as at end-June (1H FY2007) was valued at S$117.22 million.

Meanwhile, Heeton also holds a batch of investment properties worth a total of S$237.7 million, mainly consisting of its retail-commercial complexes SunPlaza in Sembawang and The Woodgrove, and Tampines Mart, its largest wet market with 58 stalls. It owns and operates six wet markets, which was one of its core businesses when the company was established in 1976.

Funds still wooing and shopping

Already, some foreign funds are eyeing Heeton's investment properties. Just like Heeton, foreign investment funds are still shopping for good deals despite the market uncertainty. Low says they are knocking on his door as fervently as before. "Yes, they are still talking to me," he says. "We have one who's very interested. On my way out of the office just now, another group called me and said they are in town. They asked whether I could meet up with them. I asked them, 'Despite all this [market uncertainty], you are not holding back?' They said, 'No, Danny, when we see a good deal, we still have to go in and get it. We cannot wait."

While one group hails from the US and is making its first foray into the Singapore property market, the

OFFSHORE

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

Heeton Holdings acquired Grange Court at 74 Grange Road for S$72.8 million just two weeks ago

The 17-unit boutique apartment project, The Element at Stevens, along Stevens Road has just received its temporary occupation permit

PICTURES BY GWYNETH YEO/THE EDGE SINGAPORE

The retail-apartment mixed development at El Centro in Tanjong Pagar is seeing a doubling in rental rates because of overwhelming demand and tight supply in the CBD area

other investment fund is from Europe. Low says they are looking at either one or a combination of four strategies. One is through outright acquisition of a completed residential or commercial development. The other is to jointly bid with the developer on sites that are put up for tender. The third method is to co-invest with the developer after it has won the site, and the fourth is to invest directly in the shares of the company.

As to the investment method that these two foreign parties will take with Heeton, Low would only say, "It could be a mix. They know we are small, but they have the money."

Jeremy Lake, CB Richard Ellis' executive director of investment properties, says, "The residential recovery is sentiment-driven, while the commercial sector is driven by fundamentals."

Going regional

But Heeton is not putting all its eggs in the Singapore basket either. It's already looking at potential residential and commercial sites in prime districts in Ho Chi Minh City, Vietnam. The country has seen an increasing number of Singapore developers big and small entering its booming market, led by giants CapitaLand and Keppel Land, the largest Singapore property players there.

Low says that five years from now, the target is to have at least 30% of the group's revenue and profit contribution coming from other countries in Asia, such as Malaysia, Thailand and Vietnam. "Why we are moving to the other countries in the region? After the IRs [integrated resorts in Marina Bay and Sentosa], we don't know what's going to happen," he explains. "The market may stabilise — not that we can't make money, but we may have to work very much harder to make good margins. Just imagine: We put S$10 million on a piece of land in Singapore, and S$2 million for a piece of land overseas. The returns are much better for the S$2 million overseas than the S$10 million we put here."

In Malaysia, Heeton has an equity stake in a 320-unit, twin-tower residential development in Damansara Heights, in which it partnered Malaysia's Lion Group and global insurance giant, AIG. Named The Twins at Damansara, the consortium is splashing RM1 million on the showflat and will be officially launching it in October or November.

In Thailand, the developer has already acquired four sites, of which three are high-end residential development sites in the Sukhumvit area, the heart of Bangkok. One is called DLV Thonglor 20 at Soi Thonglor 20 Sukhumvit 55, and the other is Click Condo at Sukhumvit 65. Both projects have already been launched and have garnered 60% sales. The other site that it has acquired is Soi Chaiyapruek, Jorntien, in Pattaya. The company is in the midst of securing two additional residential sites in the Sukhumvit area. The demand for city apartments is strong among locals as it helps reduce commute time, explains Low.

It is using the same strategy in Vietnam, where it is in the midst of securing a partner to develop either a residential, commercial or mixed-use development in prime district 5 in Ho Chi Minh City. Low says that while Ho Chi Minh City is its first priority, it is also open to opportunities in Hanoi.

Despite the market uncertainty, as far as Heeton is concerned, it is still very much business as usual.

"With all the strong GDP numbers and the IRs coming up in Singapore, it will stay strong for at least the next two to three years," says Low. "Subprime doesn't affect Singapore [directly]. It's just that sentiment is affected." E

Cecilia Chow is editor of City&Country at The Edge Singapore

Singapore Briefs

Office rent growth slows

Prime office rents climbed from an average S$11.51 (RM26.41) psf per month in June to average S$11.82 psf per month in July, reports Cushman and Wakefield. The 2.7% increase was the slowest monthly rise this year. Office rents for the Top 25 Grade-A office buildings increased 2.8% to average S$12.07 psf per month in July. Rents at Raffles Place were S$12.96 psf per month, a 2.9% increase from June, followed by the City Hall-Marina Centre at S$12.18 (+0.7%). The biggest increase was the Rest of the Golden Shoe Area, which jumped 4.8% to S$9.65.

According to the URA, median rents for Category 1 office space — core downtown business areas — in 2Q were S$10.33 psf per month, a 13.9% rise over 1Q.

Freehold site at Wilkie Terrace up for sale


CREDO REAL ESTATE

A redevelopment site in the Wilkie-Mount Sophia (*pix*) area has been released for sale through tender by Credo Real Estate. The 13,209 sq ft site at 7-11 Wilkie Terrace near Dhoby Ghaut MRT has a potential gross plot ratio of 2.1. The buyer could build a 7-storey apartment block of 30 two-bedroom units averaging 865 sq ft each. The property, which belongs to a family-owned investment company, is also suitable for serviced apartments or a boutique hotel, says Credo. The sale is not contingent on a Strata Titles Board's order of sale and vacant possession would be delivered upon completion.

Offers between S$22 million and S$24 million are expected. This price reflects a land rate of S$797 to S$868 psf per plot ratio (ppr), inclusive of an estimated S$120,000 development charge.

S$37 million bid for Scotts Road office site

Scotts Spazio (reportedly a joint venture [JV] between Hwa Hong Corp and KOP Capital) has submitted the top price of S$37 million for the URA's transitional office site at Scotts Road. The offer is 18.6% more than the second highest bidder, Soon Lee Land. Eleven bids have been received from developers and property firms. CB Richard Ellis Research's executive director Li Hiaw Ho said developers seemed undaunted by the short 15-year tenure. Based on the highest bid, the break-even cost for the 112,421 sq ft site next to Newton MRT is likely to be around S$500 psf ppr, providing the bidder with a yield of about 12% over 15 years based on a gross rent of about S$6.50 psf per month.

Strong demand for Parkway IPO

Parkway Life REIT's IPO of almost 289 million units was 13 times subscribed. The units started trading on the Singapore Exchange Securities Trading on Aug 23 and hit a high of S$1.28 before closing at S$1.19 per unit. The initial portfolio comprises three strategically located private hospitals and medical offices in Singapore — Mount Elizabeth Hospital, Gleneagles Hospital and East Shore Hospital. The properties have a combined appraised value of about S$775 million.

Keppel gets go-ahead for Vietnam condos

Keppel Land Estate (KLE) and Vietnam JV property developer partner Tien Phuoc have been granted a government investment licence to start The Estella, its condominium development in Ho Chi Minh City. The 4.8ha site, along the Hanoi Highway and 6.5km from the CBD, will yield around 1,500 upscale apartments with a potential gross floor area (GFA) of three million sq ft. The first phase of sales is scheduled for 4Q.

The total investment capital for The Estella is around S$162 million. KLE, a wholly-owned subsidiary of Keppel Land, will take a 55% stake (S$26.9 million) of the total registered capital of S$49 million, with Tien Phuoc taking the remaining interest. The Estella is near Keppel's fully-sold waterfront villa development, Villa Riviera, which is currently being built.

CapitaLand inks fourth Ho Chi Minh City high-rise

CapitaLand (Vietnam) Holdings has signed a conditional JV agreement with Azure City to develop a 25-storey condominium in Ho Chi Minh City. Around 1,200 apartments will be built over four years. CapitaLand will take a 75% stake worth S$48.8 million and Azure City, a local Vietnamese property company, will hold the balance. This is CapitaLand's fourth residential site in Ho Chi Minh City. The development will be launched in late 2008. — *By The Edge Singapore* ■

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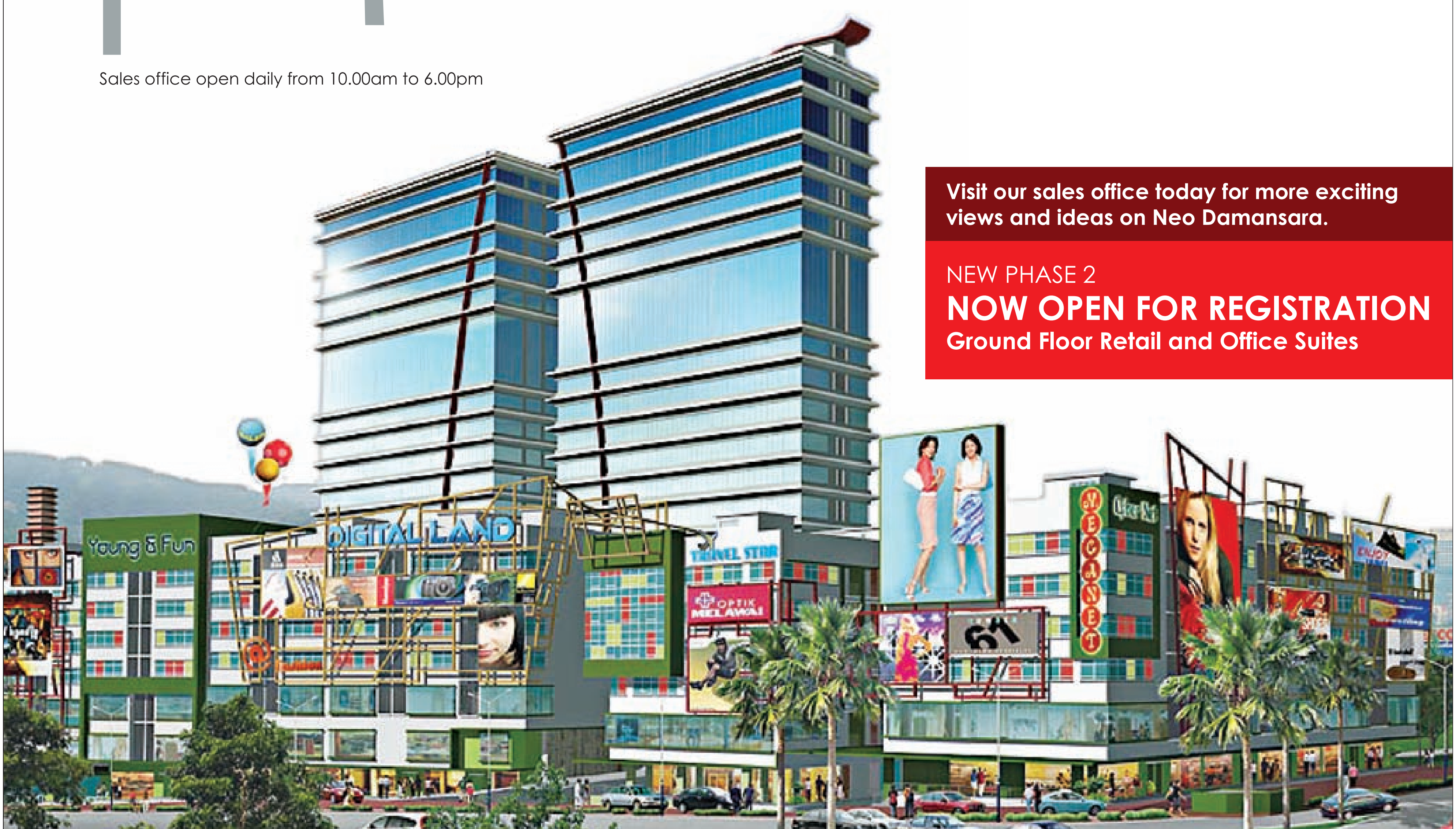

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• Andy - 012 291 8620 • Chuck - 016 266 8186 • Eddie - 016 279 6099 • Suzana - 012 254 5974 • Syed - 017 201 8098

NEO DAMANSARA @ DAMANSARA PERDANA

EMKAY

Developer: Paradigma Intan Sdn Bhd.
Unit 3A-3, 4th Floor, The Place, Jalan PJU8/5G, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.
Tel: 03 7710 7066

For more information or an appointment, call **03 7963 2293**

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*Subject to Terms and Conditions