City & Country

left to right, top row:
Tan Sri Liew Kee Sin, S P Setia
Robert Tan, IGB Corp
Ngian Siew Siong, Sunway City
Datuk Jamaludin Osman, Island & Peninsular
Datuk David Tan, IOI Properties
Datuk Jagan Sabapathy, Bandar Raya Developments
left to right, bottom row:
Tan Sri Teo Soo Cheng, Bandar Utama City Corp
Tong Kooi Ong, Sunrise
Datuk Terry Tham, E&O Property Development
Datuk Ghazali Mohd Ali, Boustead Properties

THE EDGE MALAYSIA

Top Property Developers Awards 2008

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 Tropika (Johor), Setia Pearl Island (Penang), Setia Walk
2	IGB Corp Bhd	Mid Valley City, Cendana, Seri Maya, U-Thant Residence, Hampshire Place, Laman Sierramas West
3	Sunway City Bhd	Sunway South Quay, Sunway Damansara, Kiara Hills, Sunway SPK, Sunway Palazzio, Sunway Vivaldi
4	Island & Peninsular Sdn Bhd	Bandar Kinrara, Seri Beringin, Alam Damai, Alam Impian, Kota Bayuemas, Kota Seriemas, Alam Sutera
5	IOI Properties Bhd	Bandar Puchong Jaya, Bandar Puteri Puchong, Bandar Putra (Johor)
6	Bandar Raya Devt Bhd	The Troika, One Menerung, CapSquare, Bandar Baru Permas Jaya (Johor)
7	Bandar Utama City Corp Sdn Bhd	Bandar Utama, 1 Utama Shopping Centre, Centrepoint, One World Hotel, Plaza IBM, KPMG Tower
8	Sunrise Bhd	11@Mont'Kiara, 10@Mont'Kiara, Solaris Dutamas, Solaris Mont'Kiara, Mont'Kiara Meridin, Mont'Kiara Aman
9	E&O Property Devt Bhd	Seri Tanjung Pinang (Penang), Dua Residency, Idamansara, Seventy Damansara
10	Boustead Properties Bhd	Mutiara Damansara, The Curve, Mutiara Rini (Johor)

TOP 11 — 30

RANK	COMPANY	RANK	COMPANY
11	Mah Sing Group Bhd	21	Naza TTDI Sdn Bhd
12	YTL Land & Devt Bhd	22	PJ Development Hldgs Bhd
13	Eastern & Oriental Bhd	23	Naim Cendera Holdings Bhd
14	Dijaya Corporation Bhd	24	United Malayan Land Bhd
15	Paramount Corp Bhd	25	Selangor Dredging Bhd
16	Glomac Bhd	26	WCT Land Sdn Bhd
17	Malton Bhd	27	Bolton Bhd
18	Selangor Properties Bhd	28	Metro Kajang Holdings Bhd
19	YNH Property Bhd	29	GuocoLand (M) Bhd
20	Plenitude Bhd	30	Mulpha Land Bhd


Seri Beringin, Bukit Damansara


Alam Impian, Shah Alam – Tinta


Bandar Kinrara - Jewel


Bandar Kinrara - Senja


Alam Sari, Bangi – Ilmia 3


Seri Bayu Morib Resort City – Hotel Impian Morib


Bayuemas, Klang – Phase A5


Kota Seriemas, Nilai – Laman Cempaka


Alam Damai, Kuala Lumpur – Vila Damai


Taman Setiawangsa - 8@Setiawangsa


SPPK Building, Damansara Heights

CURRENT DEVELOPMENTS:

ALAM IMPIAN, SHAH ALAM
Canting – Double Storey Link Homes
Tinta – Double Storey Semi-Detached

KOTA SERIEMAS, NILAI
Marrakech – Double Storey Semi-Detached
Laman Bakawali – Double Storey Terrace
Laman Cempaka – Double Storey Semi-Detached

ALAM DAMAI, KUALA LUMPUR
Villa Damai – Bungalow

ALAM SARI, BANGI
Ilmia 3 – Double Storey Cluster Homes

BAYUEMAS, KLANG
Phase A2 – Double Storey Link Homes
Phase A5 – Double Storey Semi-Detached

BANDAR KINRARA
Jewel – Double Storey Semi-Detached
Senja – 2 & 2½-Storey Terrace

SERI BAYU MORIB RESORT CITY
Hotel Impian Morib – A quick weekend getaway
Seri Bayu Morib Golf Club

EXCLUSIVE HOMES FOR RENT:

Seri Beringin, Bukit Damansara –
Semi-Detached & Bungalows

www.islpn.com.my

• **ILMIA 3** (2-Storey Cluster): Developed by: I&P Menara Sdn Bhd • Developer's License: 9851-3/04-2011/361 • Validity Period: 10/04/2008-09/04/2011 • Advertising Permit No: 9851-3/752/2009(04) • Validity Period: 18/04/2008-17/04/2009 • Approving Authority: Majlis Perbandaran Kajang • Building Plan Approval No: MPKJ 2/P/4/2008 • Expected Date of Completion: April 2010 • Land Encumbrance (if any): NIL • Tenure of Land: Freehold • No of Units: 60 • Selling price: Min RM514,143 - Max RM824,406 • Built-up from: 2,514 sq. ft – 2,635 sq. ft. • Bumiputera Discount: 7% • **BAYUEMAS** - Phase A5 (2-Storey Semi Detached): Developed by: I&P Kota Bayuemas Sdn. Bhd. (568517V) • Developer's License No: 9796-2/04-2009/349 • Validity Period: 7/4/2006 - 6/4/2009 • Advertising Permit No: 9796-2/1671/2009(04) • Validity Period: 27/08/2008 – 06/04/2009 • Approving Authority: Majlis Perbandaran Klang • Building Plan Approval Reference No: P35/05 • Expected Date of Completion: August 2008 • Agreement Land Encumbrances (if any): Nil • Tenure of Land: Freehold • No. of Units Available: 38 • Sekatan-sekatan Kepentingan: Tiada • Selling Price: (Min) RM450,888 - (Max) RM596,888 • Built-up from: 2,530 sq. ft. – 2,807 sq. ft. • Bumiputera Discount: 7% • **LAMAN CEMPAKA** (2-Storey Semi Detached): Developed by: I&P Seriemas Sdn Bhd Property Marketing Centre (PROMAC) • Developer's License No.: 7634 – 10/01-2009/77 • Validity Period: 23/01/2006 – 22/01/2009 • Advertising Permit No.: 7634 – 10/824/2009(01) • Validity Period: 25/04/2008 – 22/01/2009 • Approving Authority: Majlis Perbandaran Nilai • Building Plan Approval Reference No.: MPN431/384/2003/2(26) • Expected Date of Completion: May 2010 • Agreement Land Encumbrance (if any): Nil • Tenure of Land: Freehold • No. of Units: 42 • Land Size: 3,876 sq. ft. – 10,741 sq. ft. • Selling Price: Min – RM315,832 Max – RM539,532 • Built-Up Area: From 2,237 sq. ft. to 2,399 sq. ft. • Discount for Bumiputera: 7%

2003–2007 RANKINGS

THEEDGE MALAYSIA
Top Property Developers Awards 2008

contents

TOP 10 (2003)

RANKING	COMPANY
1	IGB Corp Bhd
2	S P Setia Bhd
3	IOI Properties Bhd
4	Bandar Raya Devt 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 Devt 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 Devt 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 30 OVERALL (2007)

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

Qualitative attributes (2007)

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

Quantitative attributes (2007)

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

Quantitative Attributes 2008

BEST 30

RANKING	COMPANY
1	S P Setia Bhd
2	IGB Corporation Bhd
3	Sunway City Bhd
4	Island & Peninsular Sdn Bhd (N)
5	IOI Properties Bhd
6	Eastern & Oriental Bhd
7	Bandar Raya Devt Bhd
8	Boustead Properties Bhd
9	Selangor Properties Bhd
10	E&O Property Devt Bhd
11	Mah Sing Group Bhd
12	Naim Cendera Holdings Bhd
13	Bandar Utama City Corp Sdn Bhd (N)
14	Daiman Development Bhd
15	Dijaya Corporation Bhd
16	Sunrise Bhd
17	Paramount Corp Bhd
18	Malton Bhd
19	United Malayan Land Bhd
20	Krisassets Holdings Bhd
21	PJ Development Hldgs Bhd
22	Plenitude Bhd
23	KSL Holdings Bhd
24	MK Land Holdings Bhd
25	YNH Property Bhd
26	Matrix International Bhd
27	Metro Kajang Holdings Bhd
28	GuocoLand (M) Bhd
29	Asia Pacific Land Bhd
30	TAHPS Group Bhd

Shareholders Funds

RANKING	COMPANY
1	IGB Corporation Bhd
2	Island & Peninsular Sdn Bhd (N)
3	IOI Properties Bhd
4	S P Setia Bhd
5	Selangor Properties Bhd
6	Bandar Raya Devt Bhd
7	Sunway City Bhd
8	Boustead Properties Bhd
9	Matrix International Bhd
10	MK Land Holdings Bhd
11	Bandar Utama City Corp Sdn Bhd (N)
12	Krisassets Holdings Bhd
13	Daiman Development Bhd
14	Karambunai Corp Bhd
15	United Malayan Land Bhd
16	E&O Property Devt Bhd
17	GuocoLand (M) Bhd
18	Asia Pacific Land Bhd
19	PJ Development Hldgs Bhd
20	Country Heights Hldgs Bhd
21	YNH Property Bhd
22	IJM Land Bhd (prev. RB Land Hldgs)
23	Johor Land Bhd
24	Ekran Bhd
25	Mah Sing Group Bhd
26	Sunrise Bhd
27	Eastern & Oriental Bhd
28	Dijaya Corporation Bhd
29	KSL Holdings Bhd
30	Metro Kajang Holdings Bhd

Turnover

RANKING	COMPANY
1	S P Setia Bhd
2	Sunway City Bhd
3	Eastern & Oriental Bhd
4	Island & Peninsular Sdn Bhd (N)
5	IOI Properties Bhd
6	E&O Property Devt Bhd
7	IGB Corporation Bhd
8	Bandar Raya Devt Bhd
9	Naim Cendera Holdings Bhd
10	Mah Sing Group Bhd
11	Sunrise Bhd
12	Malton Bhd
13	PJ Development Hldgs Bhd
14	Boustead Properties Bhd
15	Matrix International Bhd
16	United Malayan Land Bhd
17	Bandar Utama City Corp Sdn Bhd (N)
18	Bolton Bhd
19	Asian Pac Holdings Bhd
20	Encorp Bhd
21	Metro Kajang Holdings Bhd
22	Paramount Corp Bhd
23	Glomac Bhd
24	AMDB Bhd
25	LBS Bina Group Bhd
26	YNH Property Bhd
27	KSL Holdings Bhd
28	Dijaya Corporation Bhd
29	Country Heights Hldgs Bhd
30	WCT Land Sdn Bhd (N)

Profit Before Tax

RANKING	COMPANY
1	IOI Properties Bhd
2	S P Setia Bhd
3	Sunway City Bhd
4	Tanco Holdings Bhd (F)
5	IGB Corporation Bhd
6	E&O Property Devt Bhd
7	Krisassets Holdings Bhd
8	Island & Peninsular Sdn Bhd (N)
9	Bandar Utama City Corp Sdn Bhd (N)
10	Sunrise Bhd
11	Eastern & Oriental Bhd
12	KSL Holdings Bhd
13	Boustead Properties Bhd
14	Naim Cendera Holdings Bhd
15	Mah Sing Group Bhd
16	Encorp Bhd
17	YNH Property Bhd
18	Selangor Properties Bhd
19	WCT Land Sdn Bhd (N)
20	Bolton Bhd
21	Plenitude Bhd
22	Country Heights Hldgs Bhd
23	Metro Kajang Holdings Bhd
24	Bandar Raya Devt Bhd
25	United Malayan Land Bhd
26	Dijaya Corporation Bhd
27	Paramount Corp Bhd
28	Naza TTDI Sdn Bhd (N)
29	GuocoLand (M) Bhd
30	Hunza Properties Bhd

Cash

RANKING	COMPANY
1	Sunway City Bhd
2	IGB Corporation Bhd
3	S P Setia Bhd
4	Eastern & Oriental Bhd
5	Island & Peninsular Sdn Bhd (N)
6	Land and General Bhd
7	Selangor Properties Bhd
8	Encorp Bhd
9	E&O Property Devt Bhd
10	WCT Land Sdn Bhd (N)
11	Mah Sing Group Bhd
12	Golden Plus Hldgs Bhd
13	Daiman Development Bhd
14	Krisassets Holdings Bhd
15	IOI Properties Bhd
16	Boustead Properties Bhd
17	Dijaya Corporation Bhd
18	Bandar Raya Devt Bhd
19	IJM Land Bhd (prev. RB Land Hldgs)
20	MK Land Holdings Bhd
21	Paramount Corp Bhd
22	Glomac Bhd
23	YTL Land & Devt Bhd
24	LBS Bina Group Bhd
25	TAHPS Group Bhd (D)
26	Malton Bhd
27	Naim Cendera Holdings Bhd
27	Sunrise Bhd
29	Asia Pacific Land Bhd
30	Plenitude Bhd

Gearing

RANKING	COMPANY
1	TAHPS Group Bhd (D)
1	Daiman Development Bhd
3	Oriental Interest Bhd
4	Petaling Tin Bhd
5	Asia Pacific Land Bhd
6	Keladi Maju Bhd
7	FIMA Corporation Bhd
8	KSL Holdings Bhd
9	Tebrau Teguh Bhd
10	Hua Yang Bhd
11	Paramount Corp Bhd
12	A & M Realty Bhd
13	Plenitude Bhd
14	MUI Properties Bhd
15	Asas Dunia Bhd
16	Bandar Utama City Corp Sdn Bhd (N)
17	Perduren (M) Bhd
18	Naim Cendera Holdings Bhd
19	Dijaya Corporation Bhd
20	IOI Properties Bhd
21	Mulpha Land Bhd
22	Gromutual Bhd
23	Ekran Bhd (a)
24	GuocoLand (M) Bhd
25	Boustead Properties Bhd
26	Bertam Alliance Bhd
27	Island & Peninsular Sdn Bhd (N)
28	Selangor Properties Bhd
29	EUPE Corporation Bhd
30	Crescendo Corporation Bhd

Qualitative Attributes 2008

BEST 30

RANKING	COMPANY
1	S P Setia Bhd
2	Sunrise Bhd (H)
3	Bandar Utama City Corp Sdn Bhd (N)(H)
4	IGB Corporation Bhd
5	Bandar Raya Devt Bhd
6	E&O Property Devt Bhd
7	Sunway City Bhd (H)
8	Glomac Bhd (H)
9	YTL Land & Devt Bhd
10	Island & Peninsular Sdn Bhd (N)
11	IOI Properties Bhd
12	Boustead Properties Bhd
13	Selangor Dredging Bhd
14	Mah Sing Group Bhd
15	Naza TTDI Sdn Bhd (N)
16	YNH Property Bhd
17	Paramount Corp Bhd
18	Dijaya Corporation Bhd
19	Malton Bhd
20	WCT Land Sdn Bhd (N)
21	Bolton Bhd
22	Mulpha Land Bhd
23	Plenitude Bhd
24	Palam Mesra Sdn Bhd (N)
25	Hunza Properties Bhd
26	Embassy Court Sdn Bhd (N)
27	PJ Development Hldgs Bhd
28	United Malayan Land Bhd
29	SHL Consolidated Bhd
30	Eastern & Oriental Bhd

Product Quality

RANKING	COMPANY
1	Sunrise Bhd (H)
2	Bandar Raya Devt Bhd
2	S P Setia Bhd
4	IGB Corporation Bhd
5	E&O Property Devt Bhd
6	Bandar Utama City Corp Sdn Bhd (N)(H)
7	Island & Peninsular Sdn Bhd (N)
8	Glomac Bhd (H)
9	Sunway City Bhd (H)
10	IOI Properties Bhd
10	YTL Land & Devt Bhd
12	Boustead Properties Bhd
13	Selangor Dredging Bhd
14	Mah Sing Group Bhd
14	Naza TTDI Sdn Bhd (N)
16	Bolton Bhd
17	Mulpha Land Bhd
18	Palam Mesra Sdn Bhd (N)
19	Hunza Properties Bhd
19	Malton Bhd
19	Paramount Corp Bhd
22	WCT Land Sdn Bhd (N)
23	Dijaya Corporation Bhd
24	Plenitude Bhd
24	SHL Consolidated Bhd
26	YNH Property Bhd
27	PJ Development Hldgs Bhd
28	Embassy Court Sdn Bhd (N)
29	GuocoLand (M) Bhd
30	United Malayan Land Bhd

Innovation & Creativity

RANKING	COMPANY
1	S P Setia Bhd
2	Sunrise Bhd (H)
3	IGB Corporation Bhd
4	E&O Property Devt Bhd
5	YTL Land & Devt Bhd
6	Bandar Raya Devt Bhd
7	Glomac Bhd (H)
8	Selangor Dredging Bhd
9	Sunway City Bhd (H)
10	IOI Properties Bhd
11	Boustead Properties Bhd
12	Bandar Utama City Corp Sdn Bhd (N)(H)
13	Mah Sing Group Bhd
14	YNH Property Bhd
15	Island & Peninsular Sdn Bhd (N)
16	Palam Mesra Sdn Bhd (N)
17	Mulpha Land Bhd
18	Naza TTDI Sdn Bhd (N)
19	Dijaya Corporation Bhd
20	Malton Bhd
20	Paramount Corp Bhd
20	Plenitude Bhd
23	WCT Land Sdn Bhd (N)
24	Bolton Bhd
24	Embassy Court Sdn Bhd (N)
26	Hunza Properties Bhd
26	PJ Development Hldgs Bhd
28	United Malayan Land Bhd
29	Country Heights Hldgs Bhd
30	Eastern & Oriental Bhd

Value Creation for Buyers

RANKING	COMPANY
1	Bandar Utama City Corp Sdn Bhd (N)(H)
2	Sunrise Bhd (H)
3	S P Setia Bhd
4	Bandar Raya Devt Bhd
5	IGB Corporation Bhd
6	YTL Land & Devt Bhd
7	Glomac Bhd (H)
8	Sunway City Bhd (H)
9	IOI Properties Bhd
10	Island & Peninsular Sdn Bhd (N)
11	E&O Property Devt Bhd
12	Embassy Court Sdn Bhd (N)
13	Mah Sing Group Bhd
13	Naza TTDI Sdn Bhd (N)
15	Boustead Properties Bhd
15	Paramount Corp Bhd
17	Selangor Dredging Bhd
18	Dijaya Corporation Bhd
19	WCT Land Sdn Bhd (N)
20	Hunza Properties Bhd
20	Malton Bhd
20	Palam Mesra Sdn Bhd (N)
23	YNH Property Bhd
24	PJ Development Hldgs Bhd
24	Plenitude Bhd
26	Bolton Bhd
27	Metro Kajang Holdings Bhd (H)
27	Mulpha Land Bhd
29	SHL Consolidated Bhd
30	United Malayan Land Bhd

Image

RANKING	COMPANY
1	Bandar Utama City Corp Sdn Bhd (N)(H)
2	S P Setia Bhd
3	Sunrise Bhd (H)
4	IGB Corporation Bhd
5	Island & Peninsular Sdn Bhd (N)
6	Sunway City Bhd (H)
7	IOI Properties Bhd
8	E&O Property Devt Bhd
9	YTL Land & Devt Bhd
10	Glomac Bhd (H)
11	Bandar Raya Devt Bhd
12	Naza TTDI Sdn Bhd (N)
13	Mah Sing Group Bhd
14	Boustead Properties Bhd
14	YNH Property Bhd
16	Dijaya Corporation Bhd
17	Malton Bhd
17	Paramount Corp Bhd
17	Plenitude Bhd
20	WCT Land Sdn Bhd (N)
21	Selangor Dredging Bhd
22	Bolton Bhd
23	Hunza Properties Bhd
23	Mulpha Land Bhd
25	Eastern & Oriental Bhd
25	Embassy Court Sdn Bhd (N)
25	PJ Development Hldgs Bhd
28	United Malayan Land Bhd
29	Selangor Properties Bhd
30	Palam Mesra Sdn Bhd (N)

Expertise

RANKING	COMPANY
1	S P Setia Bhd
2	IGB Corporation Bhd
3	Bandar Utama City Corp Sdn Bhd (N)(H)
4	Sunrise Bhd (H)
5	Bandar Raya Devt Bhd
6	Sunway City Bhd (H)
7	Glomac Bhd (H)
8	E&O Property Devt Bhd
9	Boustead Properties Bhd
9	IOI Properties Bhd
9	Island & Peninsular Sdn Bhd (N)
12	YTL Land & Devt Bhd
13	Mah Sing Group Bhd
14	Selangor Dredging Bhd
15	Naza TTDI Sdn Bhd (N)
16	Paramount Corp Bhd
16	YNH Property Bhd
18	Dijaya Corporation Bhd
18	WCT Land Sdn Bhd (N)
20	Plenitude Bhd
21	Bolton Bhd
22	Malton Bhd
23	Mulpha Land Bhd
24	Palam Mesra Sdn Bhd (N)
25	United Malayan Land Bhd
26	Metro Kajang Holdings Bhd (H)
27	Hunza Properties Bhd
27	PJ Development Hldgs Bhd
29	SHL Consolidated Bhd
30	Embassy Court Sdn Bhd (N)

(N) Non-listed property developer
(H) The average score for these companies is divided by 6 instead of 7 as one of the judges may have an interest in the co. & abstained

(a) Ekran Bhd - PN 17 on 8 May 2006
(F) Tanco Bhd - regularised from PN17 status on 16 Jan 2008
(D) TAHPS Bhd was formerly known as Ayer Hitam Planting Syndicate Bhd

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S P Setia is tops for the fourth year

| BY SHARON KAM |

The Top 10 developers of *The Edge* Top Property Developers Awards 2008 are names which are becoming increasingly familiar. Into their sixth year, the awards have become even more significant with the participation, for the first time, of non-listed builders. Already, a few of the non-listed entities have made their mark in the Top 10 and Top 30 rankings.

Staying at the top is S P Setia Bhd, holding the position for the fourth straight year. This developer affirmed its position even further by coming up tops in both the qualitative and quantitative sub-rankings (based on FY2007).

S P Setia had in its FY2007 ended Oct 31, achieved an all-time high profit after tax of RM260 million on the back of revenue totalling RM1.1 billion. The group sold 3,303 units of properties in 2007 with a total sales value of RM1.2 billion. It was active in acquiring land in Kuala Lumpur, Cyberjaya and Johor while its debut in Penang, with Setia Pearl Island, received positive response.

In June 2007, it went into a joint venture with Becamex IDC Corp, one of Vietnam's top conglomerates marking its first overseas foray to develop an eco-themed township 40km north of Ho Chi Minh City. Despite the present economic turmoil in Vietnam with inflation rates climbing and its currency depreciating, S P Setia has announced that it is forging ahead with the township project there.

IGB Corp Bhd, the developer of Mid Valley City in Kuala Lumpur, retained its overall second position for the third year. It emerged fourth in the qualitative subrankings with non-listed Bandar Utama City Corp Sdn Bhd causing an upset to take third place which was where IGB stood last year. As for the quantitative sub-rankings, IGB came in second to S P Setia, helped by the strongest shareholders' fund while maintaining a very healthy cash position. One of the highlights for IGB in FY2007 was the opening of The Gardens Mall in Mid Valley City.

Moving up the ladder into third place overall is Sunway City Bhd after being in fourth position since 2005. Sunway City is third in the quantitative but seventh in the qualitative sub-rankings. It also boasts the best cash position among all the Top 30 developers. The developer of Bandar Sunway has stamped its name in the high-end market as well and recently soft-launched one of its latest luxury highrise residences, Sunway Vivaldi in Mont'Kiara at a benchmark RM900 psf.

One of the largest developers in terms of landbank, Island & Peninsular Sdn Bhd (I&P), formerly Island & Peninsular Bhd, was voluntarily delisted in July last year following a corporate exercise. I&P moved up to fourth position from fifth. IOI Properties Bhd, which was third last year, slipped into the fifth spot. I&P improved its qualitative standings from 12th to 10th position while IOI fell from sixth to 11th.

Bandar Raya Developments Bhd (BRDB) rose to sixth placing this year from eighth last year. The developer of Troika, the Foster & Partners-designed highrise residence on Jalan Binjai near KLCC and One Menerung in Bangsar, improved both its qualitative and quantitative standings from seventh to fifth and from 10th to seventh place respectively.

Non-listed Bandar Utama City Corp Sdn Bhd, the developer under the See Hoy Chan Holdings Group which has made Bandar Utama in Petaling Jaya a household name, came in at a respectable seventh overall position on its debut at the awards. Its achievement is mainly due to its strong third position in the qualitative standings. This developer impressed judges with its qualitative attributes, especially in terms of value creation and image.

Sunrise Bhd jumped to eighth overall position from 10th last year while maintaining its No 2 position in the qualitative standings. According to its 2007 annual report, in FY2007 ended June 30, Sunrise achieved a 55% growth in revenue to RM558 million. Sunrise, known for its luxury condominium developments in the Mont'Kiara area had also during FY2007 successfully launched Mont'Kiara Banyan, Meridin, 10@Mont'Kiara and more phases at Solaris@Dutamas.

Last November, Sunrise soft-launched its most iconic condominium development to date, 11@Mont'Kiara at RM727 psf, and this has been 80% sold to date. More exciting days lie ahead for the developer, which recently made headlines with its acquisition of the 24-storey Wisma Angkasa Raya near the Petronas Twin Towers in the Kuala Lumpur City Centre. It paid RM179 million for the 69,171 sq ft site on which the building is situated, or an equivalent of RM2,588 psf.

E&O Property Development Bhd retained its ninth position although it must be noted that its qualitative ranking went up from ninth position overall to sixth while its quantitative rankings rose to 10th position from the 11th spot last year. Sales of its Seri Tanjung Pinang project on reclaimed land in Penang have been commendable. E & O was delisted

The panel of judges from left: Au Foong Yee, Datuk Eddy Chen, Kumar Tharmalingam, Datuk Jeffrey Ng, Datuk Teo Chiang Kok, Datuk Richard Fong and Datuk Alan Tong

The Awards Methodology

Research for *The Edge* Malaysia Top Property Developers Awards 2008 was carried out in June and July on all companies listed under the property sector of the Main and Second Boards of Bursa Malaysia. The awards this year were open to privately owned companies and property development subsidiaries of companies not listed under the property sector of Bursa. Advertisements inviting non-listed property development companies to submit applications were published in *The Edge*, *The Edge Financial Daily* and www.theedgedaily.com for over five weeks in May and June. Entries from non-listed developers together with supporting documents, including a copy of signed audited accounts, had to be submitted. Entries closed at 5pm on June 30, 2008.

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 2007 financial year, sourced through Interactive Data Systems (M) Sdn Bhd. The financials of unlisted companies were sent in by the individual companies. The tabulation, both quantitative and qualitative, was audited by Deloitte Kassim Chan.

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: 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. Points awarded for the quantitative attributes are based on 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 on the panel.

Five of the judges abstained in the deliberation

Top Property Developers Awards 2008

voluntarily on Aug 8, marking the completion of a merger exercise between E & O Prop and Eastern & Oriental Bhd.

Boustead Properties Bhd, the creator of the very successful address of Mutiara Damansara, rounded off the Top 10 list. Boustead was also taken private the same day as E&O. (Note: Sime UEP Properties Bhd, which was ranked sixth last year, has since been delisted as well, following the merger of Sime Darby Bhd, Golden Hope Plantations Bhd and Kumpulan Guthrie Bhd in January 2007. The merged entity is now known as Sime Darby Bhd, with its own Sime Darby Property Division created through the integration of the property arms of the former Golden Hope Plantations Bhd, Kumpulan Guthrie Bhd and Sime Darby Bhd.)

We can expect keener competition as more non-listed property companies take part in the awards. Other non-listed or private-limited property players which made it to the Top 30 are Naza TTDI Sdn Bhd and WCT Land Sdn Bhd at 21st and 26th place respectively.

Other newcomers include listed companies Eastern & Oriental Bhd, United Malayan Land Bhd, Selangor Dredging Bhd and Mulpha Land Bhd. Meanwhile, Bolton Bhd returned to the Top 30 list after slipping out last year.

Mah Sing Bhd was among the most improved developers, boosted by its remarkable showing in the quantitative rankings by rising from 27th to 11th quantitatively while maintaining its 14th spot qualitatively. FY2007 saw Mah Sing recording double-digit growth in profit after tax for the fifth consecutive year. It registered RM81.13 million net profit attributable to shareholders, which is a 24% increase on the back of a revenue of RM573.37 million.

The Group sold its Grade A offices at benchmark prices to institutional investors in 2007, including The Icon Jalan Tun Razak, where The West Wing was sold to Koperasi Permodalan Felda Bhd for RM174.4 million, and the East Wing to Kuwait Finance House and Autron Corporation Ltd for RM255 million in July and November last year respectively. There was also the the en-bloc sale of The Icon Mont' Kiara to Kuwait Finance House and Autron Corporation Ltd for RM305 million in November 2007.

This is the sixth year of the awards. The ranking is based on quantitative and qualitative attributes based on the FY2007 results. Data on the quantitative attributes of listed companies in the property sector of the Main and Second Boards of Bursa Malaysia are based on published sources compiled by Interactive Data Systems Sdn Bhd, while non-listed companies were required to submit copies of signed audited accounts. The five quantitative attributes are: shareholders' funds, group pre-tax profit, revenue, gearing, and cash plus cash equivalents.

The qualitative attributes are product quality, innovation and creativity, value creation for buyers, image and expertise. The qualitative attributes were judged by industry experts and veteran property developers, namely, Datuk Alan Tong, Datuk Richard Fong, Datuk Jeffery Ng, Datuk Teo Chiang Kok, Kumar Tharmalingam, Datuk Eddy Chen and *The Edge* executive editor Au Foong Yee.

Five of the judges abstained in the deliberation and judging of companies in which they have direct or indirect interest (see "Awards Methodology" below). The results have been audited by Deloitte Kassim Chan. E

and judging of companies in which they had direct or indirect interest. They are Datuk Richard Fong for Glomac Bhd (he is the group executive vice-chairman), Datuk Teo Chiang Kok for Bandar Utama City Corp Sdn Bhd (he is a director), Datuk Jeffrey Ng for Sunway City (he is an executive director), Datuk Eddy Chen for Metro Kajang (he is the managing director) and Au Foong Yee for Sunrise Bhd (Sunrise and *The Edge* have in common a major shareholder).

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*

Editor's note

This year marks the sixth and yet another important milestone for the annual *The Edge* Top Property Developers Awards. From this year, it can stand tall as the only Malaysian award that ranks all property players in the country, public listed or privately owned, big or small.

The awards were introduced in 2003. Until last year, only property developers listed under the property sector on Bursa Malaysia were ranked automatically. This year, however, we decided to open the ranking to all property developers in Malaysia. With this, both public listed or privately owned development companies can vie for the title of Malaysia's best developer, from the consumer's perspective.

We have taken the position that every developer must be measured by the same terms; there can only be one set of rules. A top developer, we maintain, must be both big and of quality; thus the ranking methodology with a 50:50 quantitative and qualitative weightage. The quantitative and qualitative attributes each comprise five sub-attributes, bringing the total to 10. Each of the 10 sub-attributes carries equal points. (Full methodology bottom left.)

Greater transparency

Those familiar with the awards would have noticed that this year we have published the results in greater detail. All the best 30 in each of the 10 sub-attributes have been named. With this, the top developers will know precisely how they stack up in the different areas where they were put under the microscope. It is important to note here that the overall ranking is based on marks and not position in the sub-attributes.

It is clear key developers are paying more attention to their qualitative attributes. Consequently, the "race" this year was very close.

Besides practising greater transparency, we hope that by publishing the results, developers will be motivated to strive for greater excellence. Surely, this is something that cannot be downplayed in our quest to be benchmarked against global players?

Those who have been following the ranking would know that *The Edge* has been raising the bar for the awards, while not moving the goalposts. In 2005, or the third year into the ranking, the number of distinguished members on the judging panel for the qualitative attributes of the award was expanded from five to seven. This was done to widen consumer perception of the contending developers.

Last year, we enlisted independent auditors from auditing firm Deloitte Kassim Chan to verify the results. We are happy to report that Deloitte Kassim Chan again verified this year's ranking.

Kudos

While the audited accounts of public-listed developers are easily available, the same cannot be said of privately owned companies. When we invited, via advertisements published in *The Edge*, *The Edge Financial Daily* and www.theedgedaily.com, privately owned developers to submit entries for the ranking, we were unsure of the response as these companies would be required to open their books to scrutiny.

So when the deadline of June 30 arrived, we were pleased with the seven submissions on the table. They were Bandar Utama City Corp Sdn Bhd; Embassy Court Sdn Bhd; Naza TTDI Sdn Bhd (formerly known as TTDI Development Sdn Bhd); Palam Mesra Sdn Bhd; Island & Peninsular Sdn Bhd; WCT Land Sdn Bhd and Penang-based Emerald Capital Development Sdn Bhd. An eighth company missed the deadline and its submission was rejected.

Together with the total of 92 developers listed on the Main and Second Boards of Bursa, the awards this year therefore ranked 99 companies. The financial data for the listed property developers was provided by Interactive Data Systems Sdn Bhd (IDS).

Kudos to the privately owned companies that came forward. It does not matter that some of them are not household names on the property development scene, or that they do not boast the size of the industry's big boys. The point is they were willing and ready to be judged.

The consumer's perspective

When *The Edge* conceptualised *The Edge* Top Property Developers Awards six years ago, we realised and acknowledged back then that this is no perfect ranking. Which ranking exercise can claim perfection if qualitative attributes are employed as one of the two key barometers, the other being quantitative attributes?

The awards are from the consumer's perspective and it would be unreasonable to expect every member of the judging panel to know each of the 99 companies ranked. The onus then is on the respective developer to make known its brand, its strength and expertise.

It is gratifying to note that the awards have successfully garnered a following that is growing. Nothing is more rewarding or encouraging than the increasing number of enquiries we have received on the awards. We have also noticed endorsements of the awards — winning developers are showcasing them as one of their marketing tools.

Judging panel

We would like to take this occasion to welcome to the judging panel Datuk Richard Fong, president of Fiabci (International Real Estate Federation) Malaysia. We would also like to express our sincere gratitude to Tan Sri Mustapha Kamal Abu Bakar, who has resigned from the panel, for his invaluable contribution.

To all winners of *The Edge* Top Property Developers 2008, we congratulate and salute you.

Best Regards,

What the judges say

DATUK RICHARD FONG

Fong is currently the president of Fiabci (International Real Estate Federation) Malaysia. He is the group executive vice-chairman of Glomac Bhd. A civil engineering graduate from University College London, he began his career at Mudajaya Construction Sdn Bhd and IJM Corp Bhd before founding Glomac in 1988 with Tan Sri F D Mansor. Today, Glomac has grown into a large, dynamic group with over 20 subsidiaries and associated companies involved in every facet of real estate business.

"The results of the Top 10 developers in Malaysia show that the established developers are still very much in control. It would be difficult for a newcomer to dislodge them. There are not very many significant changes from the list of the previous years except for the entry of two private companies, Bandar Utama Sdn Bhd and I&P Sdn Bhd. Even then these two companies are giants among the industry.

It also confirms my view that for developers to remain as one of the Top 10, they must have the following qualities: good and innovative products, sound management, high quality workmanship, good brand name, and consistency."

DATUK JEFFREY NG

Ng, a past president of Rehda (Real Estate and Housing Developers Association) Malaysia, 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. He is currently an executive director of Sunway City Bhd.

"There are no surprises in the Top 10 other than the introduction of the private limited companies. Good to be able to see two of them in the Top 10, which is quite an achievement as they generally receive less media attention. But the judges were able to see at least two names that belong there. We hope it will give more inspiration to other private companies to come in and get some recognition.

As far as the Top 30 goes, similarly, we see the better known plcs being more obvious in the rankings. It says very much about the award in that it is able to attract the likes of Naza TTDI, which made it to the Top 30. They recognise the value of the award in giving their company a chance to have recognisable branding and to compete in a bigger way."

DATUK TEO CHIANG KOK

Teo, the Fiabci Asia-Pacific secretariat vice-chairman 1, is the immediate past president of Fiabci Malaysia and a past president of Rehda Malaysia. He is the director of companies within the See Hoy Chan Holdings Group, which is behind the development of Bandar Utama township, Petaling Jaya, where the award-winning 1 Utama shopping centre is located. He is also a council member of the Kuala Lumpur and Selangor Chinese Chamber of Commerce. Teo, a national council member of the Associated Chinese Chambers of Commerce and Industry of Malaysia, has some three decades of experience in property development.

"Although many of the companies making up the Top 10 are the same as in previous years, there are some switching of positions to reflect their changing levels of activities during the year under review. This year's ranking exercise has included, for the first time, unlisted property companies which make this year's ranking more holistic and representative. The listed status of a company doesn't automatically reflect a company's size but more a corporate policy. Kudos to *The Edge* team for this inclusive move."

DATUK EDDY CHEN

A Rehda Malaysia past president, Chen, the managing director of the Metro Kajang Group, has been in property development and construction-related businesses for more than two decades. Chen sits on various government-private sector committees that formulate polices governing the housing and real estate industry.

"There is very little change in the ranking for the Top 10 and the Top 30 developers from last year. I believe this reflects their ability to sustain their performance both in the quantitative and qualitative aspects. What this means is that they continue to set the benchmark for the rest of the industry."

KUMAR THARMALINGAM

The Fiabci Asia-Pacific secretariat secretary-general and past president of Fiabci Malaysia is a registered real estate valuer and property consultant. In 1987, Kumar established the First Malaysian Property Trust (FMPT) — a Bank of Commerce and Austwide, Australian 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.

"The benchmark Top 10 developers until now have been listed companies. With the introduction of unlisted entities, it has made the ratings more open and transparent. I would like to see more construction companies which are involved in property development, especially the big players, to come in also to make these awards truly representative of the industry. The usual suspects are still in the Top 10, but it will get tougher with more non-listed companies participating and the rankings will get more interesting in future."

DATUK ALAN TONG

Tong is the first and only Malaysian to hold the post of Fiabci world president (2005-2006) and it was during his term that Fiabci's Kuala Lumpur-based Asia-Pacific regional secretariat, which he now chairs, was set up. Tong, also a past president of Fiabci Malaysia, in 1968 founded Sunrise Sdn Bhd, 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 property development.

"*The Edge* has taken the awards to another level by rightly providing room for developers which are not listed to take part. As we can see, quite a few of these companies have got into the Top 30. This year, *The Edge* has also decided to reveal the rankings in the sub-categories in which judging is based on. This makes the rankings even more transparent following last year's move to allow the results to be audited. The way the judging process is progressing through the years augurs well for the ranking exercise."

AU FOONG YEE

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

"This is the sixth edition of the annual awards and there is no doubt the competition is getting stiffer by the year. Key developers, in particular, are growing both in size as well as their bid to offer outstanding qualitative attributes. Malaysian developers, it is heartening to note, no longer strive at just raking in the big bucks; they recognise and acknowledge the need to be able to offer their buyers compelling qualitative attributes, too. In the process, the benchmark on the industry is being raised, as detailed results of *The Edge* Top Property Developers Awards 2008 show. Developers whose qualitative rankings have slipped from previous year may argue that they have, in fact, worked harder the past year to reach the present level. That's the good news. The bad news (for them but good news for the industry) is, so has just about every other developer that matter in town! Add to that the increased competition this year from privately owned developers that, for the first time since the inception of the awards, were invited to take part, and we had some great contenders."

THEEDGE MALAYSIA

Top Property Developers Awards 2008

Property stock woes

| BY AU FOONG YEE |

Property stock investors are bracing themselves for more downside risk as developers unveil their latest financial results, which will almost certainly reflect the current difficult economic climate. The pain the industry is going through is clear enough, but the question is, how severe will it be and how long will it last?

Not only do builders have to cope with tough property market sentiment, but they are also facing severe margin compression, brought on by mounting building material costs and inflationary pressures. Now add to this mix a subdued property buying mood.

At present, all eyes are on the central bank which has so far refrained from raising interest rates amid much speculation that it will. At press time (Aug 27), the country was also anxiously awaiting Budget 2009 to see how the government plans to boost the economy.

It is ironic that the liberalisation of steel and cement prices in May and June respectively saw an immediate escalation in prices. This had builders screaming that the manufacturers were taking unfair advantage of the situation. Steel prices have, however — post Beijing Olympics and amid uncertainties in the global and domestic markets — eased to about RM3,700 a tonne recently from a high of RM4,100. There are signs that prices will come down further.

The same cannot be said of cement, which is now being sold at about RM290 per tonne or about RM14.50 per 50kg bag.

Over in Selangor — one of Malaysia's most active construction and building regions — contractors are finding it very difficult to buy sand because the state government is trying to clean up the sand-extraction process. The state, contractors say, is now involved in operational matters, which slows down the extraction process. They suggest, as an immediate measure, that new guidelines be set for sand extraction instead of attempting a total revamp of the industry.

There are also concerns whether the country will see projects being abandoned as contractors could walk out rather than risk losing money by going ahead and completing a project.

To avoid such disasters, as well as to mitigate margin compression, the larger developers have resorted to centrally procuring materials to enjoy economies of scale.

At times such as these, the bigger the developer in terms of project size, the bigger its headache. Cash flow is vital, so the question of halting building activities does not arise.

The dilemma of the developers has not gone unnoticed in the investment community — they have punished even the sexy property stocks.

In this respect, the privately owned developers appear to have an edge. While they are equally obliged to turn in positive results, the pressure to deliver immediat e dividends may not be as great as that faced by listed developers.

So, how had the public-listed winners in *The Edge* Top Property Developers Awards 2008 — a ranking based on both quantitative and qualitative attributes — fared as at the end of an 18-month period ended June 30, 2008?

Of the 30 best developers ranked, four are not listed. According to data provided by Interactive Data Systems Sdn Bhd, nine of the 26 listed developers showed a negative difference in share price between the period of review from Jan 1, 2007, to June this year.

In that period, the Kuala Lumpur Composite Index gained 6.22% while the Bursa Malaysia Property Index advanced 0.5%. During this duration, it must be noted, some of these companies had emerged from corporate exercises that would have impacted their share prices. For instance, S P Setia had a restricted offer for sale and a bonus issue while IOI Properties Bhd had a share split and a rights issue. Mah Sing Group Bhd had a rights issue, share split and bonus issue, while Glomac Bhd had a rights issue (see table).

It was also during this period that three companies — Island & Peninsular, E&O Property Development and Boustead Properties — were delisted upon their request.

Of the listed developers in the Top 30 positions, Selangor Dredging Bhd emerged the biggest percentage gainer, with a 72.7% jump; in real terms, the gain was a mere 28 sen, with the counter opening at 38.5 sen in January 2007. Selangor Dredging closed at 63 sen last Tuesday (year high: RM1.09)

It is noteworthy that Boustead Properties, which recorded the second biggest percentage price change (57.9%), chalked up a gain of RM1.98. A close third was Mulpha Land Bhd, with a 55.96% higher price change, which, however, translated to just a 30.5-sen improvement. Mulpha Land closed at 76 sen last Tuesday (year high: RM1.72).

Top property developer S P Setia, meanwhile, recorded a 13.5% drop in value (46 sen) but this was after it had made its restricted offer for sale and bonus issue. S P Setia closed at RM3.22 last Tuesday (year high: RM5.97).

IGB Corp, meanwhile, recorded a 20% drop in share price (36 sen). IGB Corp closed at RM1.33 last Tuesday (year high: RM2.82).

Continuing a trend seen in the previous years of the ranking, the best property players, as consumers see them, have not been spared the vagaries of the stock market. It is worth noting that some of the best developers in the country remain privately owned.

While returns on investment are the top priority for share investors, it is clear that property buyers insist on their top developers having both quantitative and qualitative attributes. E

IDS

How the top developers fared on Bursa Malaysia (Jan 1, 2007-June 30, 2008) (RM)

AWARDS RANKING	DEVELOPER	JAN 1, 07	JUNE 30, 08	GAIN/LOSS	GAIN/LOSS (%)
	Kuala Lumpur Composite Index	1,117.090	1,186.570	69.480	6.220
	Bursa Malaysia Property Index	695.200	698.680	3.480	0.500
1	S P Setia Bhd [1]	3.400	2.940	-0.460	-13.530
2	IGB Corp Bhd	1.800	1.440	-0.360	-20.000
3	Sunway City Bhd	2.200	2.640	0.440	20.000
4	Island & Peninsular Sdn Bhd [2]	—	—	—	—
5	IOI Properties Bhd [3]	4.486	4.700	0.214	4.770
6	Bandar Raya Devt Bhd	1.450	1.690	0.240	16.550
7	Bandar Utama City Corp Sdn Bhd	—	—	—	—
8	Sunrise Bhd	2.048	1.690	-0.358	-17.480
9	E&O Property Devt Bhd [4]	2.000	1.900	-0.100	-5.000
10	Boustead Properties Bhd [4]	3.420	5.400	1.980	57.890
11	Mah Sing Group Bhd [5]	1.305	1.430	0.125	9.580
12	YTL Land & Devt Bhd	0.785	1.010	0.225	28.660
13	Eastern & Oriental Bhd	1.870	1.790	-0.080	-4.280
14	Dijaya Corp Bhd	0.805	1.120	0.315	39.130
15	Paramount Corp Bhd	1.990	2.220	0.230	11.560
16	Glomac Bhd [6]	1.149	0.960	-0.189	-16.450
17	Malton Bhd	0.295	0.390	0.095	32.200
18	Selangor Properties Bhd	2.750	3.080	0.330	12.000
19	YNH Property Bhd	2.070	1.760	-0.310	-14.980
20	Plenitude Bhd	1.570	2.220	0.650	41.400
21	Naza TTDI Sdn Bhd	—	—	—	—
22	PJ Development Hldgs Bhd	0.495	0.635	0.140	28.280
23	Naim Cendera Holdings Bhd	3.120	3.500	0.380	12.180
24	United Malayan Land Bhd	1.210	1.240	0.030	2.480
25	Selangor Dredging Bhd	0.385	0.665	0.280	72.730
26	WCT Land Sdn Bhd	—	—	—	—
27	Bolton Bhd	0.847	0.775	-0.072	-8.500
28	Metro Kajang Holdings Bhd	1.190	1.140	-0.050	-4.200
29	GuocoLand (M) Bhd	1.060	1.350	0.290	27.360
30	Mulpha Land Bhd	0.545	0.850	0.305	55.960

AWARDS RANKING	DEVELOPER	GAIN/ LOSS (%)
25	Selangor Dredging Bhd	72.730
10	Boustead Properties Bhd	57.890
30	Mulpha Land Bhd	55.960
20	Plenitude Bhd	41.400
14	Dijaya Corp Bhd	39.130
17	Malton Bhd	32.200
12	YTL Land & Devt Bhd	28.660
22	PJ Development Hldgs Bhd	28.280
29	GuocoLand (M) Bhd	27.360
3	Sunway City Bhd	20.000
6	Bandar Raya Devt Bhd	16.550
23	Naim Cendera Holdings Bhd	12.180
18	Selangor Properties Bhd	12.000
15	Paramount Corp Bhd	11.560
11	Mah Sing Group Bhd	9.580
5	IOI Properties Bhd	4.770
24	United Malayan Land Bhd	2.480
28	Metro Kajang Holdings Bhd	-4.200
13	Eastern & Oriental Bhd	-4.280
9	E&O Property Devt Bhd	-5.000
27	Bolton Bhd	-8.500
1	S P Setia Bhd	-13.530
19	YNH Property Bhd	-14.980
16	Glomac Bhd	-16.450
8	Sunrise Bhd	-17.480
2	IGB Corp Bhd	-20.000

1. Restricted offer for sale 1W : 4 @ RM0.30; BI 1:2 ex on Dec 17, 2007

2. (Delisted — July 13, 2007)

3. SS 2:1 ex June 19, 2008; RI 1:4 @ RM4.85

4. (Delisted — Aug 8, 2008)

5. RI 1:4 @ RM3.30 ex May 22, 2007; SS 2:1 ex June 21, 2007; & BI 1:5 ex July 5, 2007

6. RI 1:10 @ RM1.10 ex Sept 26, 2007

MOHD IZWAN MOHD NAZAM/THE EDGE

Investors have punished even the sexy property stocks

Top property developers' Merdeka wish

As we celebrate our 51st year of independence, we take the opportunity to ask the Top 10 builders of *The Edge* Top Property Developers Awards 2008 what they most wish for in the face of the current economic slowdown, including in the property sector. Read on for their thoughts.

S P Setia Bhd group managing director
Tan Sri Liew Kee Sin

I wish there will be less politicking in the country and instead, we should all move forward together and concentrate on making Malaysia a better place to live for ourselves and the generations to come.

IGB Corp Bhd group managing director
Robert Tan

Last year, I wished for political stability. This continues to be my wish. In addition, we should settle into a workable private/public sector plan and implement this through the current challenging times. We have gone through and met challenges before; we should now make it our priority. Other wish list items are continued underlying strengths in domestic demand, a diversified economy, strong commodity prices, new export markets, full employment, high market liquidity and encouraging and proactive government policies (for example, the recent waiver of Real Property Gains Tax, and no limit on the number of properties a foreigner can buy).

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

We would like Malaysia to be an internationalised property ownership destination. There should be aggressive marketing and promotion to create widespread awareness of the 'Malaysia My Second Home' programme and promotion of Malaysian property developments overseas, targeting more affluent countries to encourage FDI. We also want greater emphasis on accessibility and connectivity. We should implement an urban public transport blueprint to help ease the nation's public transport concerns, using savings from the petrol subsidies — this will not only help alleviate consumers' monthly expenditures but also boost disposable income. The environment will benefit in the long run as more and more people will be encouraged to make use of public transport.

Island & Peninsular Sdn Bhd managing director **Datuk Jamaludin Osman**

I wish for the industry to be able to get through these trying times quickly. Hopefully, this experience will make us stronger and more vigilant in the future.

IOI Properties Bhd executive director **Datuk David Tan**

We hope to see Malaysia play a leadership role in the region, with good economic growth, quality of life and less talent drain. Development has to be balanced with environmental concerns. We also hope that there are more incentives for housebuyers, such as stamp duty waivers, to encourage home ownership.

Bandar Raya Developments Bhd CEO
Datuk Jagan Sabapathy

In the 50 years since Merdeka, the country has been transformed from a poor and predominantly agricultural society to a modern, prosperous nation with an increasingly urban population. It is our unique sense of national unity and the coming together of all people, regardless of race or creed, that makes Malaysia the envy of the world. So, there is much to celebrate and be thankful for as we commemorate over 50 years of independence. Yet more needs to be done to improve national unity based on the principles of mutual respect and tolerance.

Our country's most important asset is its human resource; the brain drain has been an issue of concern in the past decade. Globalisation has seen us increasingly lose our workforce, especially our skilled labour and professionals. We would like to see both the public and private sectors make more concerted efforts in attracting and growing Malaysian talent. We must adopt a holistic approach to address this issue if the country wants to remain relevant in an extremely competitive global marketplace.

Bandar Utama City Corp Bhd Group executive chairman
Tan Sri Teo Soo Cheng

After 50 years of independence, we should strive to be a truly Malaysian nation and work towards the common goal of developing our country into an advanced and developed nation.

Sunrise Bhd executive chairman
Tong Kooi Ong

We hope for the re-establishment and strengthening of the constitutional institutions and civil societies. Inflation and prices of goods have been rising considerably and this has affected the spending power and cost of living for the people, particularly the wage earners. We hope for a rise in real wages for the people.

Acknowledging the importance of sustaining the environment for our future generations, we need to effectively utilise land resources through eco-densification (building up) and density transfer (transferring the density of one place to another). This will facilitate the preservation of our heritage and for the provision of space for green areas, open spaces and public facilities. Apart from effective land management, there is also a need for an integrated nationwide transport system that focuses on effectively transporting people from one location to the other. This will help reduce traffic and pollution from private cars.

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

Like many others in the business community, I wish that the current global economic downturn, particularly in the US, will not be so prolonged or severe. It is hoped that the decoupling of economies may provide some buffer, with less dependency on the US as the emerging economic powerhouses — China, India, the Middle East and Russia — start making their presence felt.

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

I hope the government will take into consideration the plight of developers who are faced with higher cost of construction and that regulations and incentives will be more forthcoming to encourage foreign investments in properties in the country, without compromising the housing needs of Malaysians.


Cendana
The Gardens Mall
Hampshire Place

S P Setia pushes the envelope

Being a top property developer isn't just about selling premium houses, it's also about being at the forefront of environmental sustainability and being committed to green initiatives, as this developer has set out to do

| BY SREEREMA BANOO |

For S P Setia Bhd group managing director and CEO Tan Sri Liew Kee Sin, being ahead in the property development game isn't just about selling properties at a premium or winning accolades; it's also about differentiating the company from the competition. And he sees environmental sustainability as an integral part of the game. Any visitor to S P Setia's corporate office in Setia Eco Park, Shah Alam, cannot help but be encouraged by the sight of all that greenery enveloping the building; likewise, the 791-acre Setia Eco Park's eco-living proposition.

More than a marketing ploy, the developer is taking pains to retain the site's existing flora and fauna as well as creating lakes, waterfalls and mini islands. "Environmental sustainability is a big part of what we do; we're even looking into rainwater collection as well as designing homes that are energy-efficient," says Liew.

Indeed, the attention paid to these details has borne fruit, in terms of sales as well as recognition from its peers. Setia Eco Park was recognised as the World's Best Master Plan Development at the International Real Estate Federation (Fiabci) Prix d'Excellence Award 2007, Best Master Plan Development at the Fiabci Malaysia Property Awards 2006. *The Edge* Top Property Developers Awards was introduced in 2003 and S P Setia emerged tops for 2005, 2006, 2007 and 2008. In 2003 and 2004, the developer came in second, after IGB Corp Bhd.

S P Setia has also been named as one of the leaders in sustainability practices in the Malaysian property industry. At the recent International Real Estate Research Symposium 2008, Professor Graeme Newell, at the School of Economics and Finance, University of Western Sydney, looked at the Malaysian property sector from the aspect of the respective companies' sustainability concept, environmental issues statement and detailed green/environmental projects, among others. Newell found that to achieve sustainability, there has to be top-down management and it has to be part of the company's culture — clearly the case in S P Setia. "Here, our activities and approach are reflected by the acronym ECO, which stands for environment, community and organisation," says Liew. As elaborated in the company's newsletter, its approach on environment is to focus on the 3Rs — (reduce, reuse, recycle); at the same time, concentrating on community building and strengthening its organisation by leveraging teamwork.

Beyond mere concept, S P Setia walks the talk when it comes to sustainability. For a start, it wants to be at the forefront of developing green buildings — an integral part of the sustainability concept. To achieve this, the developer plans to adopt the Australian system for green buildings. "We don't just want to adopt the green building guidelines but we're also looking at adopting the gold standard for green buildings. We hope to be the first to develop green buildings," says Liew.

Green buildings are designed to reduce the impact of the built environment on human health and the natural environment by efficiently using energy, water and other resources; protecting occupants' health; and reducing waste, pollution and environmental degradation.

Going green

Liew says the first of such green initiatives will be at its shopping centre at Setia City, the 158-acre commercial precinct of the Setia Alam township in Shah Alam. Covering 30 acres, the yet-to-be-named shopping centre, with a net lettable area of 1.25 million sq ft, developed jointly with Australia Lend Lease Corp Ltd, will boast a landscaped park on the rooftop and will also be designed to be energy-efficient. With US-based The Jerde Partnership — famed for other iconic landmarks like Roponggi Hills and Namba Parks in Japan and the Festival Waterfront Centre in Dubai — on board as architects, work on the RM400 million shopping centre is expected to start in 1Q2009.

"The shopping centre will be our first green building and in time, all our properties will be green buildings," he says. He admits that going green doesn't come cheap and expects a 10% rise in costs. Will green homes go down well with the market? "Well, it will be our job to market it and convince buyers," says the unflappable Liew.

Already, the developer has tested the market for so-called green homes; it has launched the country's largest solar enclave in Setia Eco Park comprising 20 bungalows fitted with building integrated photovoltaic solar panels, which allow the homes to generate about RM200 worth of electricity monthly.

More than half of the bungalows, priced at RM1.5 million to RM1.9 million, were sold in less than a month, indicating that people are becoming more aware of environmental issues these days and are embracing an eco-friendly way of living, says Liew.

Indeed, winning buyers over is one of S P Setia's strengths. Liew points out that at over RM1 million each, the semidees at Setia Eco Park are being sold at a 100% premium over its nearest competitor. What's more, with a price tag of RM30 million each, Kenny Hills Grande at Bukit Tunku, Kuala Lumpur (15 bungalows with average land sizes of 15,000 sq ft and built-ups ranging from 18,000 to 22,000 sq ft), is expected to set a new benchmark for the super high-end segment of the residential market when it's launched at year-end.

"We are able to command this premium, thanks to our branding, design, quality control and theme for each development," says Liew. For the first seven months of 2008, the developer has already chalked up RM1 billion in total sales. By the close of its financial year on Oct 31, sales are expected to hit RM1.6 billion, up from RM1.2 billion in the corresponding period in 2007.

Rosy as these statistics are, Liew admits that like many of its counterparts in the property sector, S P Setia is feeling the pinch brought upon by construction cost that has risen by about 25%. To compensate this increase, the developer has had to up its selling prices.

LEE LAY KIN/THE EDGE

Liew: We don't just want to adopt green building guidelines; we're looking at adopting the gold standard for green buildings

Investing in sustainable initiatives

***City and Country:* Describe the property scene in the past 12 months.**

Tan Sri Liew Kee Sin: To say that the past 12 months have not been challenging would not be true. Escalating prices of raw materials, fuel and the effects of the US subprime crisis have all had an impact on the property industry. In general, the market is perceived as soft, with many adopting a wait-and-see attitude. Developers in the upper middle income and luxury segment may not feel the effects; there are many Malaysians with a high household income who can afford properties in this segment. The challenge is to convince them that there is value in buying your product even in soft market conditions.

However, it is not so easy for those involved at the lower end of the housing market. They are certainly feeling the pinch as costs have risen at least 25%. It is a buyer's market and selling is not easy but we are a property developer and selling is our game.

Where S P Setia is concerned, we have been fortunate that the brand names that we've built over the years have given us an edge over others. Even in trying times like this, S P Setia has managed to achieve sales of RM1.043 billion for the first eight months of FY2008 ending Oct 31 compared with RM728 million for the same period last year. For the past 12 months, we have not slowed down in any way and are constantly improving and adding value to our projects.

What's at stake this year and beyond?

Keeping revenues up and shareholders happy is always a challenge. Like any other developer, we have not been spared from the impact of rising costs in construction. The price increase in construction materials faced by our contractors has affected work in our project sites, slowing them down. To mitigate this situation, we're undertaking several urgent measures such as:

- Reviewing the manner in which contracts are awarded by incorporating cost escalation clauses into fixed price contracts for key construction materials like steel and cement. This helps alleviate cost pressures on contractors while avoiding over-pricing of overall contracts;
- Taking advantage of our strong financial position and making bulk purchases on behalf of our subcontractors to expedite work on site;
- Restructuring and streamlining the group's operations to achieve higher cost efficiency and productivity; and,
- Making concerted efforts to expedite the provision of key infrastructure and amenities in our various townships and improve our product offerings to achieve greater value creation for customers. This will justify the price increase that are passed on to customers.

How would you rank Malaysian property developments, in terms of innovation and keeping with changing demands, with developments worldwide?

Malaysian developers are certainly putting in more thought into the design of their products today. As our society becomes more discerning and better travelled, expectations on how we want to live are also evolving. Many developers are encompassing lifestyle components into their projects, adopting and localising ideas from other countries to suit local market needs. We also have some of the best architects here in Malaysia capable of world-class design. However, having world-class designs itself is not enough. Developers should be sensitive to other factors as well, especially when it comes to sustainability in development.

I feel the building industry should be more sensitive to the world's environmental issues and do their bit to help preserve the environment. But doing so also means that one needs to walk the extra mile and invest in such sustainable initiatives. We are very serious about this at S P Setia and in line with our corporate responsibility statement of "Building Sustainable Communities for All", we have coined the acronym ECO, which encapsulates our aspirations and approach in our interaction with the environment, community and our organisation.

In your opinion, what attributes should a property developer have to thrive in the coming years?

One of the most important attributes that a property developer should have is the financial muscle to weather difficult times.

We are lucky that our sheer size and wide product offerings have enabled us to continue with business as usual. A developer also needs to have geographical diversity to spread out the location-specific risks and versatility to adapt to ever-changing market conditions. One also needs to have constant drive to reinvent oneself, setting new benchmarks and pushing the envelope to deliver the best to customers.

Despite the mark-up in prices, the developer appears to continue to be winning over buyers who are certainly not short of property investment choices.

"(Because) it is a buyers' market, to do well, one has to be top notch… besides the branding that we've done over the years, we are constantly improving and adding value to our projects. That's how we have been able to command loyalty and customer preference. When (prospective) buyers come here (Setia Eco Park), we don't tell them that the houses cost RM1 million; we take them around the development and show them what we've created, then we tell them what the prices are so that they understand," says Liew. While the property market in general is perceived to be tough, he says it has been increasingly easy to win over buyers. "About 60% of our sales are by word of mouth, which is why our marketing programme is geared towards getting our existing customers to be our mouthpiece; to do that we have to ensure that they are happy with our service and products," he adds.

New growth areas

With these strengths on its side, it's no wonder that the developer remains upbeat about the market and the available opportunities. For Liew, the future looks exciting for S P Setia, especially in view of its recent shift in business focus which, by 2011, will see 30% of its revenue derived from commercial properties, 30% from overseas ventures, 25% from conventional housing, 10% from the Eco brand housing and remainer 5% from condos. The rationale for this shift, he says, is to capitalise on higher margins, profitability and returns offered by commercial and overseas ventures. "It's also increasingly difficult to get large tracts of housing land," he says.

Besides Setia City in Setia Alam, the developer also has in the pipeline Aeropod @ Tanjung Aru, located within the Sabah Development Corridor. This RM1 billion project comprises a shopping mall, a five and three-star hotel, condos and SoHo (small office and home office) units.

Apart from commercial properties, the developer is also going full steam ahead in its overseas ventures. Vietnam is the new frontier of growth for the company, says Liew. Its first project there is EcoLakes at MyPhuoc in the Binh Duong Province. The 226ha EcoLakes, boasting a gross development value of about US$839 million (RM2.8 billion), is a master-planned community based on the S P Setia's award-winning concept that balances development with a keen respect for the environment. Phase One of EcoLakes, which spans from 2008 to 2010, will comprise four precincts featuring residential and commercial properties. "We're finalising the show village and expect to launch sometime at the end of the year," says Liew.

The developer is also embarking on a second project in Vietnam jointly with Saigon Hi-Tech Park to develop an 80-acre integrated mixed development in Ho Chi Minh City.

Despite Vietnam's sombre economic indicators — double-digit inflation and a depreciating currency — Liew does not discount the possibility of acquiring more land there. "With land prices now down by 30% to 40%, we see it as a good time to enter the market," he says. And with a staff strength of 35 based in Ho Chi Minh City, S P Setia is poised to make its move, given the opportunity. E

S P Setia Bhd

FINANCIAL YEAR-END OCT 31

Item/year	2007 (RM'000)	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)	2003 (RM'000)
Revenue	1,153,803	1,154,641	1,262,445	1,025,091	821,741
Pre-tax profit	328,491	319,949	285,956	231,463	174,883
Paid-up capital	504,454	498,513	490,734	568,048	559,422
Shareholders' funds	1,840,883	1,702,410	1,574,340	1,392,205	1,267,450
Profit attributable to shareholders	260,070	238,234	203,384	161,198	126,031
Dividend payout ratio (%)	62	61	58	51	43

ONGOING LAUNCHES/UNDER CONSTRUCTION

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM bil)	LAUNCH DATE	TAKE-UP (%)
Bukit Indah Johor	Mixed township	16,000	3.30	May 97	97
Setia Indah Johor	Mixed township	7,700	1.70	Jan 01	97.7
Setia Alam, Shah Alam	Mixed township	25,000	5.50	April 04	88.9
Setia Eco Park, Shah Alam	Semidees and bungalows	3,000	3.50	June 04	83.6
Setia Tropika, Johor	Mixed township	7,800	2.00	Sept 05	81.9
Setia Hills, Ampang	Bungalows	45	0.11	Feb 07	91.1
Setia Pearl Island,Penang	Terraced and semidees	1,200	0.90	April 07	79.6
Setia Walk, Puchong	Mixed development	1,500	0.80	Oct 07	91.3
Setia Eco Gardens, Johor	Mixed township	6,000	2.00	Feb 08	71
Setia Nexus 1, Klang	Commercial	280	0.20	June 08	15.2

IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM bil)	EXPECTED LAUNCH
Setia Sky Residences	High-rise residential	800	0.80	4Q08
Kenny Hills Grande	Bungalows	15	0.45	4Q08
Eco Lake	Mixed township	9,000	2.70	4Q08
Setia Vista	Terraced and semidees	723	0.15	4Q08
Setia View	Bungalows	102	0.30	TBC
Aeropod @ Tg Aru	Commercial	1,200	1.00	TBC
Setia Nexus 2	Commercial	TBC	0.15	TBC
Setia City	Commercial	TBC	TBC	TBC
Setia Eco City	Commercial	TBC	TBC	TBC

GDV: Gross development value TBC: To be confirmed

ECO—a three-letter word to

S P Setia Bhd has always taken our responsibilites as a corporate citizen very seriously. For the past eight years, our charity trust S P Setia Foundation has contributed to education, welfare and healthcare.

Now it is time to take our efforts to the next level, aptly summed up in a single statement: "Building Sustainable Communities for All", as reflected in the acronym 'ECO' and represented by our mascots ECO and eco.

Much as S P Setia builds tangible assets, ECO-eco will help us build the intangibles. Together with ECO-eco, we hope to learn with you in our journey to realise our common desire to live in a better, richer and more sustainable world.

E for Environment

With your support, let's build sustainability into every aspect of our activities. No doubt we are new at this role, but with our shared passion, we can make a difference in our environment.

C for Community

We strive to provide avenues through which our home-owners and beneficiaries can realise their personal aspirations, whether nurturing future stars in the Setia Badminton Academy, helping children discover the world, or simply, living in a vibrant neighbourhood.

O for Organisation

Our successes are due to teamwork. Our people lead with creativity and passion, encouraged by our thirst for innovation and ground-breaking ideas.

enrich your world

Builder of Distinction
Setia
SP SETIA BHD GROUP

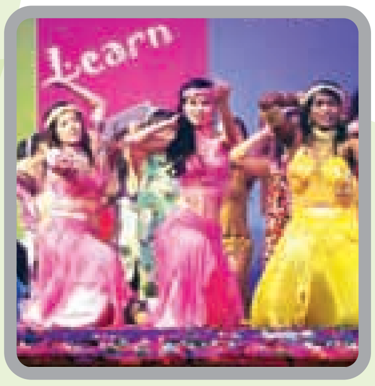
Our ECO Efforts

The 13-week long Setia Indah recycling campaign in Johor proved to be a great success in rallying residents to green their community through recycling.

20,000 butterfly plants were propagated in Setia Eco Park to attract butterflies into the existing eco-system along ponds and creeks.

The GreenVillas of Setia Eco Park is Malaysia's largest solar enclave, designed with the BIPV*system that converts the sun's rays into energy to power home appliances and to satisfy a household's energy needs.

**Building Integrated PhotoVoltaic*



S P Setia staff combine efforts for a good cause in the S P Setia Foundation Charity Dinner 2008 which collected RM5.3 million.

During World Environment Day 2008, S P Setia's large workforce of 1000 staff planted 2000 trees around its offices in Johor, Klang Valley, Penang and Vietnam.

The new Setia Alam Welcome Centre sets high standards in customer service, with an exclusive Platinum Privilege Lounge, dancing water fountain for children to play, free internet access, coffee bar and large spaces for exciting community activities.

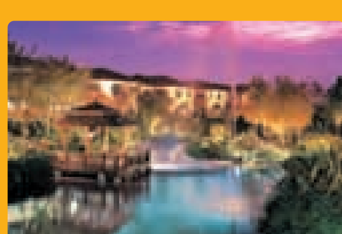
With a proven track record in delivering over 40,000 quality homes over the years, we are now a fully-integrated real estate developer, with exciting forays into the commercial sub-sector and international markets, starting with EcoLakes in Ho Chi Minh City, Vietnam.

Setia Brand

Built according to international green street standards and complemented by award-winning landscaping and first-class amenities, the Setia Brand represents the total township experience that S P Setia excels at.

2006 Johor State Landscape Award
Setia Tropika Johor

Best of the Best National Landscape Award 2005
Setia Indah & Bukit Indah Johor

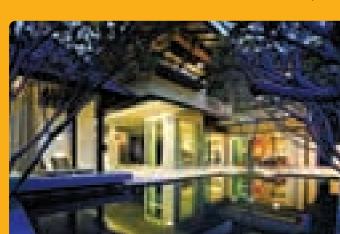


Eco Brand

The exquisite homes of the Eco Brand are masterfully designed with keen respect for the sensitivity of natural surroundings. These environmentally attuned sanctuaries allow dwellers to rekindle their connection with nature.

FIABCI International Prix D'Excellence Awards 2007
Setia Eco Park

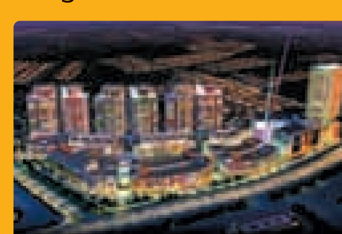
FIABCI Malaysia Property Awards 2006
Setia Eco Park



Duta Brand

The Duta Brand is the true epitome of luxury. Designed for the connoisseurs of fine living, these million ringgit homes are located in coveted addresses and represent 6-star luxurious living at its very best.

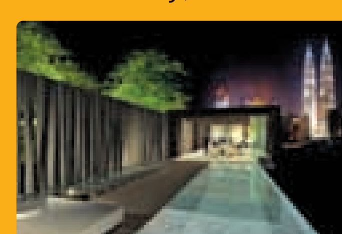
FIABCI Malaysia Property Awards 2006
Duta Nusantara



Commercial Collection

Riding high on the commercial wave, the Commercial Collection has an exciting host of investment potential with a myriad of opportunities for both serious investors and owner-occupiers.

Cityscape Asia Real Estate Award 2008
Setia Eco Gardens Sales Gallery



Sky Residences Brand

The Sky Residences Brand is an urban oasis with sophisticated state-of-the-art amenities and services. Revel in the vibrancy of a chic location in the heart of the city and enjoy the high-rise luxury living it has to offer.

1st launch coming soon

livelearnworkplay

IGB retains its position

The developer, which has rode out many an economic slowdown, is prepared for the next one

| BY SHARON KAM |

"So, it's that time of the year again," says Robert Tan, IGB Corp Bhd group managing director, as he greets us with a smile. Yes, it is the sixth year of *The Edge*'s Top Property Developers Awards. And once again, IGB has been ranked among the Top 10 developers in the country.

IGB, well-known for its Mid Valley City development, the developer's crown jewel, retains its second position this year.

Tan seems more relaxed and at ease since we last met a year ago. This time last year was the eve of the opening of The Gardens Mall in September and Tan had admitted that he only had the high-end shopping component of Mid Valley City on his mind then.

Today, The Gardens Mall, with 850,000 sq ft of retail space, and notwithstanding the initial hiccups, is seeing a gradual increase in traffic and footfalls to its exclusive designer fashion outlets, specialty shops and stylish dining options.

The four-storey Gardens Mall is part of The Gardens, the RM1.5 billion high-end component of Mid Valley City comprising two office towers offering one million sq ft of space, a five-star hotel and serviced residence. The South Tower has been completely leased while the North Tower has been half-leased as the developer is holding back some units, pending an application for MSC status for the office tower. The leasing rate of around RM5.50 to RM6 psf is on a par with some of the Grade A offices in the KL city centre. The hotel will also be fully operational soon.

Tan admits that there is always much to be done to ensure sustainability and success, especially when the industry faces a slowdown.

IGB has been around for more than three decades and has gone through many an economic slowdown in the past. The developer is prepared for the next one.

"It is not about size or how fast you expand but the key is how one is able to sustain when a crisis looms. We are financially healthy but this is due to prudent management. We are very conservative when it comes to borrowing," says Tan.

"We have to chart gradual growth. We cannot run away from cycles. We cannot defy gravity unless you are on the moon and we are not, " he laughs. "When times are good, you benefit, when times are bad, you sustain. One has to take calculated risks and balance it with foresight and vision," adds the astute businessman.

Considering the rising cost of construction, IGB is fortunate that its flagship development is almost completed. "It would cost me RM1.5 billion to RM2 billion more to do this project today. Steel, for example, cost RM800 per tonne 10 years ago and today it is RM3,800," says Tan.

IGB has also carved its niche in high-end residential products such as its Sierramas development in Sungai Buloh, luxury condominiums such as Cendana at Jalan Sultan Ismail, and U-Thant Residences at Jalan U-Thant, both in KL.

However, IGB relies not on its property development for income but on recurring income from its retail and office components.

"Our Mid Valley Megamall is doing well and The Gardens is picking up. Our malls help us maintain our performance," says Tan. Megamall has an average traffic of more than three million visitors a month with The Gardens Mall experiencing cross traffic from Megamall.

LEE LAY KIN/THE EDGE

Tan: It is not about size or how fast you expand, but the key is how one is able to sustain when a crisis looms

IGB Corp Bhd

FINANCIAL YEAR-END DEC 31

ITEM/YEAR	2007 (RM'000)	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)	2003 (RM'000)
Revenue	673,931	718,961	619,677	504,558	532,166
Profit before tax*	204,189	202,028	173,357	141,742	184,358
Profit attributable to equity holders	136,851	135,915	105,458	101,123	147,533
Paid-up capital	744,862	732,523	730,277	706,937	581,805
Shareholders' funds	2,639,601	2,477,603	2,382,386	2,292,083	2,098,803
Dividend rate (%)	5	5	5	5	10

**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
Associates' tax amounted to RM12.6 million for financial year 2007

ONGOING LAUNCHES/UNDER CONSTRUCTION

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	LAUNCH DATE	TAKE-UP (%)
Hampshire Place	Services residences	186	151	March 07	93
U-Thant Residence	Luxury condo	77	175	Aug 06	100
Laman Sierramas	Linked villas	49	37	April 07	40
One Jelatek	Luxury condo	90	58	Oct 07	100

IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	EXPECTED LAUNCH
20 Jalan Ampang Hilir	Luxury condo	40	85	Dec 08/Jan 09
Desa Pandan	Office & serviced apartment	238	135	April 09
Sierramas	Bungalow	41	66	April 09
Lot 15 & 16, Jalan Tun Razak	Home office	134	155	June 09
Kundang	Terraced	85	20	June 09
Mid Valley Phase 3	Luxury condo	600	400	Aug 09
MiCasa Hotel Residences	Hotel residences	245	205	March 10

GDV: Gross development value

"In the beginning, The Gardens Mall's performance was not very encouraging but we are observing a gradual increase in human traffic month on month. So, things are looking promising," he adds.

He is optimistic that the Mid Valley Megamall will maintain its performance despite the current slowdown. "Mid Valley seems to be a destination of choice for shop, work and stay. Traffic to the mall is still holding and we are maintaining our revenue target for it this year," says Tan.

No doubt one of Mid Valley's attractions is its location at the crossroads of all major destinations in the Klang Valley. "KL city is a centre, and we are another centre with easy accessibility," says Tan.

Efforts have been made to make the place even more conducive for shoppers. The number of parking bays has been increased to 14,000, double the amount it initially had while traffic congestion has been eased except for the occasional jam, with improvements to the traffic dispersal system.

The whole 20.24ha Mid Valley City will soon be completed with only two residential blocks of 500-odd units left to be launched. IGB targets to launch the condominiums at the end of the year or it may decide to wait another few months depending on the market environment. The current indicative pricing for the two blocks of residences is RM500 psf.

"We may have to wait. We hope construction costs will come down, and it may as demand slows in the Asian markets as a result of the overall economic slowdown. Demand for building materials such as steel in the past was due to the robust growth in the Asian markets but in recent months, markets are slowing down a bit. Look at Vietnam, for example. So, if demand slows down, eventually prices may come down as well," he says.

"Besides, people are also cautious about spending now, and add that to the political situation in the country," he shakes his head. "We may just have to wait until we get a clearer picture of where the nation is heading. Right now, it is very cloudy. We are confused, and foreigners and investors are also confused, and I am confused," says Tan, with a wry smile.

Completing the Mid Valley development is one thing but sustaining and ensuring its long-term success is another.

"We still need to make sure our offices and malls run smoothly. The Gardens will take five to six years to establish itself, so my job is not done yet and it will take a lot of work. The Gardens is aimed at appealing to less than 5% of the market and many malls are trying to capture that same 5%, so it will take more effort," says Tan.

Among these efforts are attracting more major fashion brands to come in and by finding ways to create a more family-friendly atmosphere at The Gardens.

"Megamall is more fun and casual while Gardens is more formal so it serves a purpose to complement Megamall," adds Tan.

Hotels in focus

Hotels will be IGB's main focus from now on as it aims to have its Cititel brand of business and budget hotels in every major city in China and in the Asian region. It is already working on expanding its hotel business locally and overseas. It launched its Cititel Express brand last year with the opening of Cititel Express in KL.

"It is a good time to explore opportunities locally and overseas because of the slowdown as that is when people are more reasonable and more agreeable compared to when the market is hot," says Tan.

Overseas acquisitions on the drawing board include some land, some uncompleted buildings, and some conversions — most of them joint ventures for hotels with commercial elements, depending on the site.

"We are not under pressure to acquire anything quickly. Our gearing is low. Our recurring income is quite comfortable, so we shall wait and see," says Tan.

Why the focus on the hospitality sector? Tan reasons: "Hotels can be replicated more easily than, for instance, a residential property. Running a hotel is almost the same wherever you are while residential developments would be more complex with different requirements at different areas," he adds.

"We have more or less perfected our Cititel model and the revenue from our hotel business is increasing and may soon overtake property development," Tan also says.

"The hotel business can also grow faster than a shopping mall. The gestation period is also shorter — within 36 months. Shopping malls are exposed to a lot more factors, including a country's political risk, economic conditions, and so on. Malls cannot expand the way hotels can. Hotels also provide better yield," he adds.

There are three hotels in Mid Valley alone and IGB now offers a total of 3,000-odd hotel rooms in the country with plans to add another 3,000 more in the next 24 months. In the pipeline are a 300-room hotel in Kota Kinabalu and a proposed 500-room hotel in Penang.

Currently closed for upgrading works is its MiCasa All-Suite Hotel, Kuala Lumpur's first hotel apartments. It is expected to reopen in 12 months' time although IGB plans to dispose of the property eventually. "It does not fall into our hotel business model which is the 3 to 4-star market concentration," says Tan.

Despite current challenges, Tan is optimistic of the future.

"There are a lot of uncertainties right now — political, economic, not just in the country but worldwide. We just have to ride the wave of uncertainties and hope that it won't last long. We should see the light at the end of the tunnel in the next 12 to 13 months," he says, while hoping that the downtrend in the prices of global crude oil and commodities will continue. E

'Fundamentals remain firm'

***City & Country*: Describe the property scene in the past 12 months**

Robert Tan: The Malaysian property scene, particularly the Klang Valley metropolitan area, has seen new retail offerings through The Gardens, Mid Valley, Pavilion Kuala Lumpur and Sunway Pyramid Subang. The Gardens expanded its retail capacity by 50% to 2.5 million sq ft. These new retail centres, and the introduction of high street retailers, plus new dining concepts, now provide added buzz to the Klang Valley and will put Kuala Lumpur on the international map. Demand for quality retail malls has spurred the growth of such malls to provide retailers with an opportunity to bring in international brands and exposure to the local retail market. Mid Valley City alone has an onsite population of 30,000 people per day. The Kuala Lumpur city centre has expanded beyond the traditional Golden Triangle with the KLCC development. The overall retail market in the region will grow in the long term as Malaysian malls are gaining prominence on the world stage as having world-class standards. The retail industry is linked to tourism, hotel and shopping. With government support to bring the tourists in, quality retail management, retailers and human resources, the outlook is encouraging.

The fundamentals of the Malaysian property market remain firm. The KLCC area continues to generate high demand for any development in and around the area. New highs were recorded for residential development where prices breached RM2,000 psf. Compared with Hong Kong and Singapore, Kuala Lumpur properties are relatively cheap. Foreigners account for close to 30% of purchasers in that area. It is expected that city living will become increasingly popular.

The office market was also active with several en bloc sales and very low vacancy rates in Grade A buildings. Due to the limited supply of office space in centralised and decentralised locations in Kuala Lumpur, the focus will be on developing prime quality office buildings with excellent infrastructure. The tail-end of 2007 through to mid-2008 was marked by rising costs in basic building materials costs and the continued subprime problems. In addition, the election results in March 2008 and its effects have caused a pause in the residential property market at large.

What's at stake this year and beyond?

The years ahead will see the following challenges: a new rising cost environment, likely change in state policies affecting development, more consultation in the approval process, a holding back by investors seeking clarification and an increasing interest rate for lending in general. These challenges will require both the private and public sectors to effectively seek solutions. It is essential to focus on tackling these to avert further contraction to the property industry, and ultimately the economy. With the subprime problems in the US still ongoing, foreign investors in the local market may hold back on further investments until the economic uncertainties are erased. If there is a downturn in the property market, it will probably not affect the well located and quality properties built by reputable and creditable developers. However, if there is an over supply and price increases are not supported by decent rents, the rent yields will drop. Value can fall.

How would you rank Malaysian property developments, in terms of innovation and keeping with changing demands, compared with developments worldwide?

Malaysian property developments have been honoured in several international awards by Fiabci and CNBC. We believe that Malaysian property developments rank high in terms of innovation. Sierramas, one of our premier projects, was unveiled almost 15 years ago as one of the first gated and guarded residential schemes in Malaysia. Until today, it is still one of the most successful developments — a benchmark for other developments with a similar concept — of building a community with world-class infrastructure and setting high standards in quality living.

Malaysian property developments have been able to introduce designs that reflect our diverse needs and desires in modern formats. While we may not be there yet in terms of responsibility for the upkeep and maintenance, there is room for improvement. Malaysian property developers have delivered housing across all price points from low-cost to high-end housing over the last 40 years.

In your opinion, what attributes should a property developer have to thrive in the coming years?

Property developers sell off plans. In order to thrive now as always, they must deliver. The final stage of ownership and usage of the property will be the test of the developers' commitment and success. The increase in prices of building materials have affected all developers across the board. However, reputable and creditable developers with sound fiscal management will enable us to emerge unscathed and continue to build on market share. To survive and thrive in an overcrowded market, developers must be able to deliver projects of international standards, with quality finishing, design, and most important of all, good and desirable locations. This requires a developer to not only be an innovator but also to have a solid reputation based on experience and a good track record.

Sunway City beats the odds

The developer of Bandar Sunway has weathered two recessions and moved on into high-end developments and high-growth markets

| BY NOELLE LIM |

Sunway City Bhd has maintained its position as one of the top five developers of *The Edge* Top Property Developers Awards for four consecutive years. And this year, it moved up one notch to take third place.

Sunway City group reported a record revenue of RM1billion for the first nine months ended March 2008, 21% higher than the RM839 million achieved in the same period last year. It also achieved a record breaking profit before tax of RM547 million, 182% higher than the same period last year.

The property development segment registered strong earnings from property sales at Giza Dataran Sunway retail centre, homes at Sunway Kiara Hills, as well as enbloc sales of RC4 at Sunway South Quay and Sunway Palazzio Tower B. The completion and opening of the Sunway Pyramid shopping mall expansion, Sunway Carnival shopping mall in Penang, the new Monash University Sunway Campus and acquisition of Sunway Tower 2 further enhanced earnings. The group's earning per share for this period also increased 2.3 times from 22.67 sen to 51.47 sen.

"Sunway City group's 12-month result is expected to continue to perform well, given the expanded Sunway Pyramid shopping mall nearing to full occupancy, and combined with property development's record unbilled sales of RM1.1 billion as at March 31, 2008," says Ngian Siew Siong, managing director (property development) at Sunway City. The developer seems to be raking in the profits but the road has not been easy.

Ngian joined Tan Sri Jeffrey Cheah, chairman of Sunway City, in the mid-1980s when the latter conceived the idea of building the first integrated resort development, Sunway Integrated Resort City, as we now know it. Asked about the journey through the years, Ngian pondered for a while before replying: "It's just beyond imagination, when we look back. This must be the biggest transformation in the country… transforming a piece of wasteland, tin-mining land, into residential and commercial land."

The odds were stacked against them in the early years. Ngian says. "We started in 1987 when there was a bad recession. The bankers thought the idea was crazy and we encountered many prejudices because this is tin-mining land."

Since then, Sunway City has not looked back. It weathered two recessions and has never abandoned any project. Along the way, it has picked up numerous awards, including the Fiabci Prix d'Excellence 2002 for World's Best Integrated Resort development.

After much anticipation from the market, Sunway City announced plans to launch a real-estate invesment trust (REIT). With an estimated value of RM4 billion, it would be the biggest in the country. The talk is that it might comprise the Sunway Pyramid shopping mall, Sunway Lagoon Resort, the university buildings and head office. A further announcement is expected soon on where the REIT would be listed and the assets involved.

HARIS HASSAN/THE EDGE

Ngian: We learn from buyers that they can easily afford homes of RM3 million and above

Cashing in on high-end homes

Due to economic uncertainties and the sharp rise in crude oil price, buyers have become more cautious, resulting in slower sales in the last three months, says Ngian. But he believes this is a temporary situation because Malaysians will adjust to the inflation and will be forced to become more efficient.

"In the early years, there was huge demand from the mass market," he explains. "Now Malaysians are becoming more affluent. We learn from buyers that they can easily afford homes of RM3 million and above. I believe that income is rising above the rate of inflation for these people." Therefore, Sunway City's strategy moving forward is to focus on high-end developments and to do so successfully, it truly has to deliver innovation.

Its new project, Sunway Vivaldi at Kiara Hills, has broken the record as the most expensive property in the Mont'Kiara/Hartamas area in Kuala Lumpur — RM870 psf for bigger than 3,500 sq ft residences. Prior to the launch of Vivaldi, the record price was held by Sunway Palazzio, Sri Hartamas, at about RM846 psf. As an indication of good demand, about 60% of the first block at Palazzio has been sold to foreign investors from Singapore, Hong Kong, the UK, the US and the Middle East, while the second block was sold en bloc to Radiant Splendour Sdn Bhd.

On a smaller scale and in the pipeline are eight units of super bungalows at Taman Duta. Each land area size is about 15,000 sq ft. "The price is not finalised yet but it's likely to be four figures per square feet," says Ngian.

"Tan Sri Jeffrey's vision is to build an international community, and this is what we aspire to do at Sunway South Quay. The 178-acre waterfront parcel of wasteland is being transformed into an architectural showpiece," says Ngian, adding that there has been good demand from foreign buyers too. The first block, RC4, was sold enbloc to Luxury Court Sdn Bhd, a joint venture between South Korean developer CI Korea Ltd and Daol Trust & Fund Company Ltd. Sunway City is also negotiating with another investor to sell the next parcel, RC3. The negotiations are expected to be completed in three months, according to Ngian. "Malaysians invest in properties overseas for their children's education. Likewise, Koreans and Indonesians want English education and they find the schools at Sunway suitable for their needs," he says of the property's potential.

For commercial developments, Sunway City has been actively seeking prime locations within the city. It acquired Wisma Denmark (renamed Sunway Towers KL 2), and plans to refurbish it. On the piece of land adjacent to it, the company will build Sunway Towers KL 1 — currently at the planning stage. Ngian says, "It will definitely be a Grade A building complete with eco-friendly features."

Meanwhile, Sunway Velocity is the next major integrated development for the company. Located along Jalan Peel and a 10-minute drive from KLCC, the 22.6 acres of development will be branded as the southern gateway. Ngian believes this concept will sell because there is no integrated development within the vicinity and this is the last sizeable tract of freehold land in the city.

Major themes going forward

To assure buyers of the quality of Sunway City's homes, Ngian says: "For homes more than RM500,000, we will seek Building and Construction Authority Singapore's CONQUAS certification, and for homes less than RM500,000, we will seek Construction Industry Development Board Malaysia's QLASSIC certification."

Co-branding is a popular theme among high-end developers. "Now buyers want to be able to just move in to their homes. So we provide the major built-ins. Palazzio, for example, co-brands with Gaggenau kitchen appliances."

Sunway City is also committed to promoting

Sunway City Bhd

FINANCIAL YEAR-END JUNE 30						
ITEM/YEAR	YTD 3Q2008 (RM mil)	2007 (RM mil)	2006 (RM mil)	2004 (RM mil)	2003 (RM mil)	2002 (RM mil)
Revenue	1,018.7	1,142.6	1,574.4	992.5	728.6	659.4
Profit before tax	546.6	296.2	419.3	167.4	100.8	0.2
Paid-up capital	469.9	463.4	414.9	410.5	400.3	340.2
Shareholders' funds	1,678.1	1,429.9	855.7	681.2	603.0	576.9
Profit/(loss) attributable to equity holders	242.3	147.2	200.1	69.1	23.7	(39.7)
Dividend payout (sen)	NA	10.8	7.5	5.0	1.0	1.5
PROPERTY DEVELOPMENT SEGMENTAL REPORT						
Revenue	554.4	674.6	958.3	609.1	368.3	322.2
Pre-tax profit	124.3	181.8	379.8	152.6	82.8	102.0

Note: The 2005 financial year was changed to FY ending June from FY ending December

ONGOING LAUNCHES/UNDER CONSTRUCTION					
PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	LAUNCH DATE	TAKE-UP (%)
Sunway Damansara					
GIZA	Shopoffices	48	171	May 07	98
Chalis Damansara	Garden townhouse	102	65	June 07	85
Sunway Surian Avenue	Shopoffices	23	41	June 08	40
Sunway Damansara Technology Park	Detached factory	6	34	April 08	50
Sunway SPK Damansara					
Villa Manja (Phase 1)	Twin villas	100	197	Aug 07	85
Villa Manja (Phase 2)	Twin villas	96	208	April 08	
Sunway SPK Damansara	Shopoffices	8	7	May 08	100
Other Projects					
Sunway Palazzio	Condo	160	478	April 07	90
Sunway Vivaldi	Condo in 6 blocks (Soft launch of 3 blocks of 94 units of condominiums and duplexes)	228	753	April 08	40
Sunway South Quay	BayRocks garden waterfront villas	77	426	—	35
Sunway South Quay	Condo	249	171	Dec 07	100
Others include Sunway City Ipoh, Sunway City Penang and Sunway Toul Kok City in Phnom Penh, Cambodia			168		

IN THE PIPELINE	
PROJECT/LOCATION	TYPE
Sunway South Quay	Condo
Sunway Velocity	Shopoffices and serviced apartments
Sunway Opus Grand, Hyderabad, India	Condo
Sunway MAK, Hyderaband, India	Condo
Sunway City Ipoh	Lakeside villa, garden villa, townhouses
Sunway City Penang	Bungalow, terraced and shopoffices

GDV: Gross development value

the green building concept. Ngian says, "The basic considerations are how you orientate and shade your building. For new developments, we build our windows far inside and the roof is ventilated. All units will use inverter technology for air-conditioning — this saves up to 50% on electricity cost. Water heaters will use gas as opposed to electricity." Sunway City plans to apply for the Green Mark certification.

Security is observed to be a major concern among buyers. Ngian explains that Sunway City had installed CCTVs linked to a control centre, donated mobile police stations and built a police station in Bandar Sunway and Kota Damansara. It also has 83 auxiliary police under its payroll to patrol the area.

This is the company's contribution to promote the safe city concept, he says. Sunway City is the first property developer to contribute to a safer city initiative concept in collaboration with the police, Malaysian Crime Prevention Foundation and the Selangor state government.

Developments in emerging markets

Sunway City targets to achieve 30% revenue contribution from its overseas projects in five years. India and China will feature prominently in its international expansion plans because the two countries are Asia's fastest growing economies and have a burgeoning middle-class population.

Joining forces with Opus Developers and Builders Pte Ltd, a consortium of 10 mid-sized developers in India, Sunway City will be launching Sunway Opus Grand Residency in Hyderabad in 4Q2008. Riding on the tech boom in India, the residences will cater to people who work at the HITEC (Hyderabad Information Technology Engineering Consultancy) City. Prices start from 3,150 rupees ((RM242) psf.

"Most property developments in India are small, like one to two acres. Opus will have 35 acres. This will be an exciting development in India," says Ngian. "One unique feature is that we will have a floating clubhouse — built over the water like an island."

The second development in Hyderabad is Sunway-MAK, located near the new international airport. Ngian says, "The project is at planning stage now and is expected to be launched in the middle of next year. The target buyers are people working at the airport and IT hardware park." As for the third development in Hyderabad, Sunway Prajay highrise residences, Ngian says that the joint venture will probably not go through because the land is encumbered to another party.

In July this year, the Sunway group entered into a partnership with Shanghai Guanghao Real Estate Development Group Co Ltd to develop a residential-cum-commercial project in Jiangyin, a second-tier city located near Shanghai. The 17-acre development has an estimated gross development value (GDV) of 1 billion renminbi (RM473 million) and will comprise over 1,000 units of medium to high-end condominiums. The project is expected to be launched middle of next year.

Ngian says Sunway City is also looking at Vietnam. "I think the timing is perfect to enter the market now. The market got overheated but I believe it's only temporary." E

'Customer service our top priority'

***City & Country*: Describe the property scene in the past 12 months.**

Ngian Siew Siong: From July to December 2007, the property market was strong and enjoyed good response from customers, both local and foreign. Strong foreign interest was evident based on the high take-up rate in high-end developments and several enbloc sales by local developers to foreign investors, including Sunway City. Foreign property developers were entering the Malaysian market. At the same time, many local developers were exploring foreign markets such as Singapore, Cambodia, Vietnam, China and India. Strong consumer sentiment and spending power were capitalised upon by the opening of new shopping malls and extensions of existing malls, such as the extended Sunway Pyramid.

In 2008, prices of crude oil soared and caused a spillover effect for consumers and businesses all over the world, resulting in a global economic slowdown which also affected the property market. The effects of the US subprime crisis impacted the global financial markets and compounded economic slowdown. Steel bar prices doubled and inflation was at an all time high (7.7%). Developers felt the impact from the withdrawal of the petrol subsidy. The impact of this slowdown on developers will depend on product type and location.

Consumer sentiment was affected and there were fears of a possible interest rate rise. These events caused a margin compression.

But we are confident we will be able to ride these challenging times — our endurance in difficult times is testimony of our commitment and tenacity. We will continue to look for ways to improve quality and customer service remains our top priority.

Property prices in Malaysia are still affordable compared to other countries in the region. There are attractive loan schemes readily available and high margin financing. Bank Negara Malaysia's overnight policy rate maintains at 3.5%. FIC and Selangor state government consent for foreign purchase is no longer required. RPGT is waived, thus lowering cost of investment. Furthermore, Malaysia is an Islamic banking hub and is attracting Middle Eastern investors.

What's at stake this year and beyond?

The effects of the material cost increase will inevitably lead to project delays and product launches being put on hold. While at Sunway City, we have not put any projects on hold, we are monitoring the situation, doing risk management and sub-phasing the launch plan. We are focusing on value engineering to eliminate wastage and contain cost without affecting quality and specifications. We have a very hands-on approach in achieving faster turnaround time and increasing productivity levels. For example, we do strategic material sourcing and bulk purchasing to ensure there is consistent delivery of products and service performance.

How would you rank Malaysian property developments, in terms of innovation and keeping with changing demands, compared with developments worldwide?

Malaysian property developments are becoming increasingly internationalised. Products are designed and conceptualised with a more international flavour, meeting international standards and quality, to appeal to foreign investors. There is also greater emphasis on sustainable building developments, with energy-efficient long-life light fittings, smart home automation system with energy management capability for air conditioning and lighting.

Sunway City developments are built using the highest standards of modern technology, and adopting stringent quality control measures to ensure that products are of the highest quality, from design to structure. For example, IBS (Industrialised Building System) is used to deliver a near-perfect framework which facilitates architectural finishes and reduces labour input. All our designs go through an independent checking system to ensure compliance with strict design guidelines such as CONQUAS. Through Sunway Palazzio, Sunway City collaborates with Arkitek Maju Bina and Tangguanbee, their design associate and a 2006 Singapore Institute Architects' Gold Medal recipient.

In your opinion, what attributes should a property developer have in order to thrive in the coming years?

There are five ingredients: brand and track record, innovation, customer-centric, product quality and human capital.

A brand is derived from how much value you offer to customers and also delivering on time. A proven track record gives customers confidence and peace of mind. Our sound financial performance coupled with proper cash flow management help us weather difficult times. These elements combined with good design and layout concepts in well-planned developments allow for capital appreciation of the property.

Innovation goes beyond the finished product, and extends to the surrounding environment that would benefit the customer in the longer term. Sunway City has been at the forefront of several innovations such as building a 400 sq ft master bedroom at The Ritz two-storey link house in Bandar Sunway (one of the largest in its time). It is one of the first developers to promote the concept of horizontal strata developments. This concept is found in Laman Impian Garden Villas at Sunway Damansara, Kiara Hills at Mont Kiara, and Sunway South Quay. Such a way of living brings communities together and promotes a sense of togetherness. Bandar Sunway is also the first integrated wireless township in Malaysia.

Right from the beginning, our corporate philosophy is customer focus. This means continuing to add value after selling the home to build loyalty. We get feedback from customers through focus group sessions and surveys to come up with the right product and designs. We invest in customer by creating a Customer Loyalty Programme to reward customers for referrals and by organising and sponsoring residents' get-togethers.

There is a need to set standards in product quality. Sunway City considers itself a trendsetter by consistently delivering quality products, superior design, practical layout and excellent after-sales services to our purchasers.

One of the pressing challenges in the industry is talent drain. At Sunway City, we actively engage in talent management programmes for management trainees or staff identified as high potential. Our chief operating officer, for example, attended a programme at Harvard. In 2007, Sunway City was ranked sixth in the Hewitt Top Companies for Leaders in Asia-Pacific and was the only company from Malaysia in the top 10.

Island & Peninsular focused on creating value

With 12,000 acres to its name, the developer has major geographic locations in the country covered; its priority now is delivering value to the customer

| BY SREEREMA BANOO |

LEE LAY KIN/THE EDGE

Jamaludin: People need a roof over their heads, it's a question of either buying now or later

Island & Peninsular Sdn Bhd's (I&P) group managing director Datuk Jamaludin Osman lists the developer's placing at *The Edge* Top Property Developers Awards for 2006 and 2007 without much preamble, then proceeds to find out how it fared in the awards' 2008 edition. It's obvious that Jamaludin places value on how I&P is viewed by its customers and peers. Though the company is no longer a listed entity, it enthusiastically threw its hat in the race to be the country's top developer. (On July 13, 2007, I&P was voluntarily delisted from Bursa Malaysia and is now a wholly-owned company of Permodalan Nasional Bhd. This is the first time since the inception of the awards that non-listed property developers were invited to participate.) "How we fare (in the ranking) shows that we give value to our purchasers, so they know that if they buy an I&P house, there is value attached to it. And now that we are not listed, it makes us work harder to prove that you don't have to be a listed entity to be a reputable developer," he adds. Value creation, he says, is vital and it's a refrain he repeats often throughout the interview.

Buyers, whom he categorises into three groups, he says, are increasingly discerning. He says, "There is the first-time buyer who's putting his lifetime savings into his first property, there is the upgrader, who has more buying power and is looking to upgrade from a terraced house to a semidee, or a semidee to a bungalow. Then, there is the choosiest of all — the investor, who will ask 'Why should I invest in this project? What's the return on investment?' So, the question on our minds is: how do we enhance value for the buyer?"

For I&P, due to its sizeable landbank — standing at 12,000 acres, of which half is located in Selangor and Negeri Sembilan, while the rest is scattered across the peninsula — it is able to cater to not only the three category of buyers, but also in a variety of addresses. The group's projects include the 1,904-acre Bandar Kinrara in Puchong, 430-acre Bayuemas in Klang, 432-acre Alam Sari in Bangi, 42-acre Seri Beringin in Bukit Damansara, KL and 2,400-acre Kota Seriemas in Nilai, Negri Sembilan.

"And because we have the location factor covered, we can focus on delivering value," says Jamaludin. Still, gone are the days when location was king, he says. "Given that choices near the city centre are limited, other factors are more crucial, such as accessibility, the environment and lifestyle proposition of the development," he adds. Thus, it's no surprise that its more mature flagship development, Bandar Kinrara, is commanding buyers' attention. In March, 27 bungalows offered for sale — from RM1.6 million to RM2.6 million — were snapped up within a day. "The response is due to the value seen in Bandar Kinrara. It's a mature township, then there is the design, its lush landscaping, and the guardhouse that we've built for the community, allowing the residents' association to appoint its own security company," he says.

Equally encouraging is the improved response for houses in Alam Impian, Shah Alam. The 1,200-acre, freehold development was launched in 2006. The first phase, comprising 115 terraced homes and 114 semidees, are due to be handed over in December. According to the developer, all but 36 units (held back to be sold upon completion) have been sold. Interest from the buying public was piqued as work on the link between the Shah Alam Expressway and the Federal Highway, that will improve accessibility to Alam Impian, began. The link, which is expected to be completed by year-end, bodes well for the township, says Jamaludin. "This township will be our cash cow in the future because it's one of the few freehold mixed developments in Shah Alam, especially given that Bukit Jelutong is already nearing completion," he adds.

Being cautiously optimistic

Opportunities, Jamaludin says, are available particularly in the conventional housing segment. "People need a roof over their heads, it's a question of either buying now or later," he quips. Nonetheless Jamaludin is adopting a cautiously optimistic stance when it comes to I&P's launches. "We have to be cautious with the pace of launches and consider the costs and selling price of the houses. The question we have to ask ourselves is, if we increase the price, will the market be able to absorb this increase?" Still, he reckons that concerns brought upon by rising fuel prices and construction costs will ease next year. "The dust will have settled and next year, people will accept

I&P Group

FINANCIAL YEAR-END JAN 31

ITEM/YEAR	2008 (RM'000)	2007 (RM'000)	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)	2003 (RM'000)
Revenue	779,879	745,034	574,087	541,521	555,142	490,711
Pre-tax profit	222,868	173,429	159,951	675,952	165,692	111,001
Paid-up capital	867,880	834,850	833,136	832,736	349,916	232,871
Shareholders funds	2,440,925	2,384,477	2,181,630	3,353,635	1,127,543	789,375
Profit attributable to shareholders	89,450	82,637	93,428	620,301	105,828	39,626
Dividend payout ratio (%)	76.5	51	19	6	44	42

ON-GOING LAUNCHES/UNDER CONSTRUCTION

PROJECT	TYPE	NO OF UNITS	DATE LAUNCHED	TOTAL SALES VALUE (RM mil)	TAKE-UP (%)
Alam Damai, Cheras	DST & DSD	99	Aug & Sept 06, May 07 & Feb 08	46.72	98-100
Alam Sutera, KL	Bungalow lots & DSSD	126	March 05, April & May 06, Aug 07	58.63	62-100
Seri Beringin, Damansara	Bungalow lots	59	Sept 05, Oct 06 & May 07	188.50	57-74
Bandar Kinrara, Puchong	DSSD, DST, DSD, SHHSE, SHOFF	656	Jan-Dec 07, Jan-March 08	401.14	25-100
Kota Bayuemas, Klang	DSSD, bungalow lots, DST	116	Aug 06 & April 07	27.23	58-100
Kota Seriemas, Nilai	DST & DSSD	90	Nov 07 & May 08	26.88	33-85
Desa Pinggiran Bayu, Pajam	SSD/SSSD & SHOPS	22	Sept 07	4.18	35-40
Alam Sari, Bangi	DST & CLUSTER	182	Nov 07, March & April 08	60.37	22-100
Alam Impian, Shah Alam	DSL & DSSD	257	Dec 06 & Jan 07	138.83	31-96

IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	LAUNCH DATE
Bandar Kinrara, Puchong	DST, DSD, DSSD	370	210.9	Aug-Dec 08
Kota Bayuemas, Klang	SHOFF & DST	89	23.33	Oct 08
Alam Damai, Cheras	SHPHSE	47	44.65	Sept 08
Alam Sutera, KL	DST	55	20.9	Oct 08
Alam Impian, Shah Alam	DSL	51	20.3	Oct 08
Kota Seriemas, Nilai	DST & DSB	77	23.14	Oct & Nov 08
Alam Sari, Bangi	DST	190	62.4	Sept-Dec 08
Taman Setiawangsa, KL	BUSS.SUITES	8	15.2	Aug 08

DST 2-storey terrace; DSD 2-storey detached; DSB 2-storey bungalow; SHPHSE Shophouse; DSSD 2-storey semidee; DSL 2-storey link; SHOFF Shopoffice; BUSS.SUITES Business suites; GDV: Gross development value

I&P

I&P's Seri Beringin project boasts an enviable address

that prices of houses have increased," he says. For now though, he admits that like other developers, the rise in construction costs is a concern. To mitigate the 20% to 25% increase in construction costs, I&P has had to look at coming up with innovative designs that do not compromise on space. "We've had to change the configuration of finishes and review the use of some materials," says Jamaludin.

Going forward, Jamaludin and his team will be having their hands full. As he admits, it is a challenge to develop a landbank the size of 12,000 acres. "We're doing preliminary and planning work for our land in Morib and Banting, and are looking at the opportunities available," says Jamaludin. Does that mean that I&P won't be looking to add to its landbank? "If the opportunity comes along with the right price, we won't discount the possibility of acquiring more land," he says. E

'Identify long-term solutions to deliver the highest quality at optimal cost'

***City & Country*: Describe the property scene in the past 12 months.**

Datuk Jamaludin Osman: Twelve months ago, the industry was stable, and growing rather slowly, but certainly. To sustain growth, the government introduced various measures, such as exemption of the real property gains tax (RPGT), withdrawal of EPF for repayment of housing loan and stamp duty exemption for purchase of property under RM250,000. These measures coupled with competitive interest rates boosted activities in the industry. The waiver of RPGT particularly, was a huge incentive for foreign buyers to consider Malaysia as a destination for property investment. During the period, the situation was very encouraging for I&P as we continued to enjoy fairly good response to most of our launches, particularly in Bandar Kinrara. Even our new township in Bangi (Alam Sari) received overwhelming response during its maiden launch in October 2007. However, things took a different turn when the oil price hit an all-time high in June 2008. This caused chaos in the industry as it is among the first to be hit. Construction costs skyrocketed causing launches to be deferred. For a time, the industry practically halted momentarily. However, now, after a few months into the situation, various steps have been undertaken by those involved to move the industry forward.

What's at stake this year and beyond?

The increase in oil price will trigger various risks if one were to proceed doing things as before. Committed developers, now more than before, have to put reputation first before bottom line. This is because we have to continue to deliver products which were launched pre-oil price hike to buyers on time and with the promised quality, but at a possibly much higher cost, resulting in possible losses. Therefore, what is at stake here is profit for stakeholders.

We also have to figure out how to pitch our future launches with the rising costs, so as not to push prices to uncharted levels, thus putting consumers' interest at stake. Another point of view is, if prices of properties were to continue to rise, the concern is whether the market is able to absorb it, especially with rising interest costs. Failure to absorb will cause a property glut.

At I&P, we see these as challenges that require concerted efforts to identify long-term solutions to deliver the highest quality at optimal cost in order to remain a trusted developer. As a property developer that has been in this business for over 45 years, we have managed to ride the various property cycles in the past, and are confident of getting through this one too.

How would you rank Malaysian property developments, in terms of innovation and keeping with changing demands, compared with developments worldwide?

Malaysia now has a growing middle class population. With the increase in knowledge and wealth, consumers are more discerning and they demand better lifestyles. Malaysian property developers have progressed fairly well in meeting the needs of the people. The industry, over just four decades, has advanced from the days of unplanned and haphazard housing to building concept and lifestyle communities.

To stay ahead in this industry, you need to continuously innovate and create the need to have. To reach out to the global market, you have to understand the lifestyle of your target audience and provide for it. Demand from the extremely high net worth buyers are even more challenging to cater to, but developers in Malaysia have somehow managed it well.

In short, Malaysian property developments have catered fairly well to the changing needs of the local market in comparison with developments worldwide. Within the region, we can regard ourselves as one of the better countries. This is made possible also with government support, introducing various new legislations or amendments to suit changing trends, such as the Strata Title Act 2006.

However, having said that, we still need to work harder in providing for the changing needs of those within the middle to lower income category. These categories also have the same changing demands, such as security, safety and facilities, but the challenge here lies in providing and maintaining what they need without incurring losses.

At I&P, it is our passion to innovate, to provide a better living solution. For instance, when we first developed Alam Damai in Cheras, an unplanned and haphazard locality, we focused on creating what Cheras badly needed — a planned township with ample facilities. Thus, we gave Alam Damai a central 30-acre park. In 2006, we introduced Alam Impian-Township Of The Arts, where we are dedicated to making arts a part of the lifestyle there.

In your opinion, what attributes should a property developer have to thrive in the coming years?

Innovation, strategic alliances, being market-centric, customer focused and caring for the environment are the fundamentals needed to continue to exist as well as thrive in the coming years. Innovation is a key attribute to remain consistently relevant in this business. This is especially so during challenging times like today, where we need to keep costs low and quality high. In addition, we have to deliver fast at competitive prices to achieve comfortable profits. With such high expectations required of property development companies, we, therefore, need to be creative, innovative and use technology to assist us in our business.

As competition becomes stiffer because of open borders, we need to put into place strategic alliances, be it with locals or foreigners. This allows for exchange of experience and knowledge, which will, in turn, bring about innovation. We have to be market-centric and offer what the market wants. Property development companies must put effort into research and development, so as to clearly understand market needs and also to know what available technology, materials and other resources are around to support our business. Customer focus is also an important factor. Careful attention must be given to each and every one of our customers.

In this business, we also need to care for the environment. This is because property development is directly about developing existing environments to turn it into a new one. It is only fair to all that the new environment we create is better, cleaner, greener and more functional than the old. If we fail to do so, the market will not trust or rely on us, and eventually, we won't be able to exist anymore.

HARIS HASSAN/THE EDGE

Tan: From our track record, you can see that we are prudent and take calculated risks. We are careful to eliminate wastage to keep costs down

IOI Prop rides financial strength

The township developer diversifies its portfolio to weather the property cycles and changes in market demand

| BY NOELLE LIM |

IOI Properties Bhd retains its position as a Top 10 developer in the country on the back of its strong financial position. Riding the housing market boom in the 1990s, the company grew to become one of the biggest and most profitable developers in Malaysia.

Although IOI Properties posted a lower 2QFY2008 group revenue of RM182.3 million compared to RM208.8 million in the preceding quarter due to uncertainties in the political situation and sharp rise in petrol prices, executive director Datuk David Tan is optimistic about the company's performance. He says, "We have landbank in strategic locations and high-growth areas and we have the purchasers' confidence. As a township developer, IOI Properties provides a wide range of products that cater to changes in market sentiments."

"Bandar Puchong Jaya used to be the backwaters, so we've come a long way. Being recognised as one of the Top 10 developers every year (since *The Edge* Top Property Developers Awards was introduced in 2003) is wonderful, but we want to remain humble," says Tan, who played an instrumental role in designing the township.

So, what's ahead for IOI Properties?

The company is embarking on an ambitious project to develop the Puchong Financial Corporate Centre (PFCC) with office buildings being retained for leasing. "All banks, including foreign ones, have at least one branch in Puchong. Maybank has three branches while Public Bank has two. Banks are doing well due to the catchment of businesses here. So, developing a financial centre here is a natural move," explains Tan.

"Puchong has transformed from an industrial area to a location for major employers. However, it does not yet cater for the 'upper-middle' type of employers. We want to attract these types of employers as well as companies that want to move away from Petaling Jaya and Kuala Lumpur.

"We are in the midst of negotiating with two major anchor tenants. PFCC will be the first green building block in Puchong," adds Tan.

IOI Properties is also developing an office-cum-retail and entertainment hub called IOI Boulevard. According to Tan, 75% of the units have been sold. The company, however, has retained the two blocks facing the LDP Highway and the internal boulevard. "People will judge the image of the place by its frontage and so we want to control the tenant mix and manage it actively to ensure the place is vibrant. It's good for the buyers of other units in the long term," he says.

While developing parts of Puchong, IOI Properties is setting its sights on luxury developments elsewhere to add to its portfolio mix. In the pipeline is a high-end condominium along Jalan Ampang tentatively called Verandas. Also being planned are seafront luxury condominiums, Seascape and Pinnacle, in Sentosa Cove, Singapore.

While pundits say prices have peaked at the time when IOI Properties entered into the agreement to acquire the 99-year leasehold land in Sentosa Island, Tan believes otherwise. He says the land is valuable because it is the last piece for sale at Sentosa Cove and furthermore, Singapore has many economic factors in its favour.

Ingredients for success

How does IOI Properties remain resilient through different property cycles? Tan says the first principle is strong leadership.

"There has to be an innovative and entrepreneurial leader with passion for the business. The person must have integrity and good work ethics," he says. "Tan Sri Lee Shin Cheng (chairman) and his sons are very hands-on. As a result, staff are loyal and this is reflected by the number of years they stay with us. Our marketing person, for example, has been in the company for 18 years."

The second necessity is business acumen. "From our track record, you can see that we are prudent and take calculated risks. We are careful to eliminate wastage to keep costs down," says Tan. "We work very hard. In fact, I think we are one of the last, if not the last, developers to still practise a six-day working week!"

The third principle is sound management skills. "There is quick decision-making and things move quickly. The staff and management work together cohesively and there is a sense of belonging," says Tan. "The management team has multidisciplinary skills — they can analyse data, predict market trends, formulate strategies and develop products."

The fourth principle is good planning and

'Strong leadership is important'

***City & Country:* Describe the property scene in the past 12 months.**

Datuk David Tan: The property cycle was closely monitored with some anticipating a bull run in 2008. Following regional speculative trends, properties within hotspot areas were sought after with record prices reported in the KLCC vicinity. Sentiments were affected by global economic uncertainties, writedowns from the subprime crisis and political uncertainties since the March 8 general elections. Nevertheless, some foreign interest remained due to the comparatively cheap prices here.

Incentives such as the RPGT waiver prompted foreign interests and high-net-worth individuals to speculate on high-profile condo projects in the proximity and visibility of KLCC. Land prices at these locations spiralled depending on the permitted plot ratios and building heights. The high land cost coupled with the escalated construction material costs resulted in increased concentration on high-end niche markets.

The variables used in product development have been extended beyond traditional social-economic variables to include attractions catering to the tastes of discerning buyers. The local residential market segment remained resilient until the drastic increase in energy prices, surging food prices and rising inflation affected the lower and middle-income groups. Potential home upgraders are adopting a wait-and-see approach.

What's at stake this year and beyond?

If the rate of inflation and political uncertainties remain, weak market sentiments will prevail. Take-up rates of residential properties will remain slow, at least until the construction progresses to an advanced stage. This will be aggravated if there is a drastic increase in interest rates. Although construction material prices will stabilise, developers will need to dig deep into their pockets to stay in business. Hence, buyers should be cautious in choosing their developers. Launches of lower and middle-income residential properties in non-prime areas might be most affected because these products have to compete with distressed auction sales at low reserve prices. Prices of properties in established and vibrant townships will remain resilient.

In prime areas, there will be two categories of new launches in residential properties. First is "back to basics" housing catering to the urgent needs of stressed families. Second are trendy residences for generations X and Y, incorporating green themes and balanced lifestyle environment. Security provision is a must. With the ever-increasing crime rate, living in a gated community has become a basic necessity.

How would you rank Malaysian property developments, in terms of innovation and keeping with changing demands, compared with developments worldwide?

Many recent new townships depict Western styles adapted to local planning standards and bylaws. Unfortunately, it might not work out as well as it should. Traditional shophouses have given way to shopoffices although the SoHo concept is an attempt to bring back the shophouse's 'live-work' convenience. Our retail malls, boulevard shops and alfresco outlets have also reached world standards, though standards of hygiene could be further improved.

In your opinion, what attributes should a property developer have to thrive in the coming years?

Strong leadership backed by a good cohesive team with strong management skills. The developer also needs to have a good landbank as well as financial strength and track record.

HARIS HASSAN/THE EDGE

A bungalow project in Bandar Puteri Puchong

IOI Properties

FINANCIAL YEAR-END JUNE 30

ITEM/YEAR	2007 (RM'000)	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)	2003 (RM'000)
Revenue	704,878	609,197	591,044	678,058	494,454
Pre-tax profit	555,174	426,442	325,509	326,113	240,417
Paid-up capital	332,958	332,668	332,668	332,668	332,668
Shareholders' funds	2,165,704	1,905,717	1,753,647	1,663,426	1,503,212
Profit attributable to shareholders	396,988	325,048	237,489	228,177	177,413
Dividend payout ratio (%)	38.8	47	50	47	54

ONGOING LAUNCHES

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	LAUNCH DATE	TAKE-UP (%)
IOI Boulevard, Phase I Bandar Puchong Jaya,	Retail and shopoffice	200	175	May 08	75
Vistaria Residences, Bandar Puchong Jaya	Superlink	82	78	March 08	65
Primrose, Bandar Puteri Puchong	Terraced	99	53	April 08	70
Puteri Square, Bandar Puteri Puchong	Shop offices	58	170	Jan 08	50
Puteri Palma Phase 2A IOI Resort	Condo	168	94.6	Dec 07	65
Bandar Putra, Senai	Terraced	228	43	June 08	37
Kempas Utama, Johor	Terraced	162	52	May 08	36

IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS (SQ FT)	GDV (RM mil)	EXPECTED LAUNCH
Puchong Financial Corporate Centre (PFCC)	Retail and corporate offices	Tower 1 – 142,000 Tower 2 – 303,000	For lease	Sept 08
Puteri 12	Bungalows	36	90	Nov 08
Puteri 6	Terraced	216	115	Sept 08
Bandar Puchong Jaya	Shops	40	110	Oct 08
	Semidees	60	108	April 09
Sierra Puteri Sepang	Terraced	122	40	March 09
	Terraced	133	44	June 09
Puteri Palma 2b IOI Resort	Condo	298	152	Jan 09
Bandar Putra, Senai	Terraced	247	40	Nov 08
	Shops	42	17	Jan 09
Kempas Utama	Terraced	91	29	Mac 09
IOI Mall (extension)	Retail	400,000 sf	For lease	Dec 08
Verandas, Jalan Ampang	Condo	204	400	Aug 09
Seascape, Sentosa Cove	Condo	151	S$1.2 bil	Nov 08
Pinnacle, Sentosa Cove	Condo	208	US$2.1 bil	3Q09

GDV: Gross development value

design layout. "A township is considered successful and the properties provide good yield if the place is vibrant. To achieve this, it must have an appropriate mix of residential and commercial properties. The commercial centre itself must have a certain mix of retail and office and the number of units must exceed a certain threshold. The concept of just one or two rows of neighbourhood shops is outdated," says Tan. "Bandar Puchong Jaya offers good planning. For example, we have 132 ft-wide roads and clearly defined neighbourhoods.

"In terms of design, homes must have a practical layout. I don't believe in hype. Some designs look nice but can be a nuisance to maintain in the long term. We cater to the tastes of women because it is usually the wives who make buying decisions. For example, we offer a big living room and master bedroom, and the dry kitchen must look impressive.

"Despite being practical, we must also have trendy designs and be aware of changing social and income trends. The X and Y generations demand trendy designs, and it's common that parents buy the house for their children. So, it's really the income of parents that we are catering to. Asian parents prefer to stay with their children and that has to be balanced with their children's need for privacy. So we might offer designs with separate entrances."

The fifth principle is providing a wide range of products. "Our strategy is to have a mixed portfolio and diversify our risks to ride the various property cycles. We cater to three types of buyers — those who treat their home as a shelter, an investment and a status symbol," says Tan. "For instance, in Senai Johor, our launches were relatively slow. But we discovered there is good demand for single-storey houses. So this is what we will build next in Johor. We have to be flexible in responding to the needs of buyers."

The sixth principle is community development and adding value after sales to ensure the township remains vibrant. "We organise resident parties, activities and meetings to build close-knit communities. We publish and sponsor a free magazine inform residents of the latest happenings. It's also an opportunity for retailers in Puchong to promote themselves. IOI also built and donated a Chinese school.

"The seventh principle is that we build and then sell, for buyers to see and have confidence in our product. We are able to do so because we have the holding power. Prior to that, we do sensitivity analysis to predict the worst-case scenario. We only proceed if we think we can take the risk. This is how we manage risk," he says.

"When we first developed Bandar Puchong Jaya, we invested in infrastructure, building the main roads and doing landscaping first. We built IOI Mall before there was a residential catchment. We wanted to create a landmark for this place.

"We do responsible phasing to allow buyers to earn capital appreciation on their property. We avoid overbuilding. In Puchong, buyers can absorb about 500 units per month. From other developers' experience, we observed that anything beyond this number will take a long time to sell. And in one neighbourhood, 200 to 300 units will be just nice to engage a security watch guardhouse.

"The eighth and last principle is that there must be efficient execution to ensure we provide value for money to our buyers. We must also be cost effective and maintain integrity in our process. If a contractor tries to bribe a clerk, we will immediately strike him out," says Tan. E

PATRICK GOH/THE EDGE

Jagan: We operate on the ethos of producing high-quality, good-value properties whether residential, commercial or retail

Solid and dependable BRDB

Some mantras never go out of style — building high-quality, good-value properties is one of them, as Bandar Raya Developments Bhd will attest to

| BY SREEREMA BANOO |

This is Bandar Raya Developments Bhd (BRDB)'s sixth year of being featured in *The Edge* Top Property Developer Awards since the ranking of Malaysia's best players in the property sector began in 2003. Understandably, CEO Datuk Jagan Sabapathy is concerned that he may echo the views and aspirations expressed in the previous years. While no one wants to be repetitive, there has to be a degree of comfort in knowing that a property developer remains steadfast in its philosophy and ethos in spite of the changing and increasingly challenging business and economic environment. And that is exactly where BRDB stands. "We've been around for close to 45 years and in that time, we've operated on the ethos of producing high quality, good value properties whether residential, commercial or retail," Jagan says.

BRDB is synonymous with projects such as Bukit Bandaraya, Bangsar Shopping Centre (BSC) and One Menerung in Bangsar, CapSquare in midtown Kuala Lumpur, The Troika in the KL city centre and Bandar Baru Permas Jaya in Johor Baru. While the property division currently accounts for 41% of BRDB's turnover (the remainder from manufacturing arm Mieco Chipboard Bhd), Jagan expects this proportion to grow in the coming years, backed by sales of CapSquare office tower 2, The Troika and One Menerung.

"The past year has been a good year for us; group revenue has increased 20% with the property division doing exceptionally well. The Troika and One Menerung are selling well — The Troika hitting RM2,500 psf and One Menerung RM1,200 psf," he says, adding that both developments are quality and price leaders. The Troika has already notched up sales of 75%, representing sales value of RM488 million, while One Menerung, located next to BSC, has secured a take-up of 85% with total sales value of RM612 million. "In all, the group is sitting on unbilled sales of RM1.2 billion and another RM600 million of unsold properties in prime locations," he says, adding that this will provide sufficient cushion to weather challenging economic times.

For BRDB, the year began on a positive note when it sold one of the office towers at CapSquare to Union Investment Real Estate AG, one of Europe's leading investment management companies, for RM440 million — a deal which Jagan says will strengthen KL's position as an attractive investment base.

BRDB also completed the sale of three of the four CapSquare Signature Offices and completed the construction of CapSquare's retail component. With the retail component completed, Jagan reckons that the CapSquare address has done its job as a catalyst for the revitalisation of a part of KL that was lagging behind in terms of commercial and residential development.

"By year-end, we expect CapSquare to be fully tenanted and through the F&B (food and beverage) outlets and night spots, we anticipate more activity at CapSquare," he says.

In the first seven months of the year, BRDB has embarked on the renovation of BSC; the first phase encompassing the East Wing is expected to be completed by November while work on the West Wing is slated to begin at the end of February next year and scheduled for completion by 4Q2009. "We're putting in a lot of effort on the BSC refurbishment; among others, one can expect more outlets," he says. The refurbishment and expansion exercise costing about RM250 million will see the addition of over 75,000 sq ft of retail and F&B space as well as a 12-storey signature office block.

"It has been a busy year on the residential and investment property side," Jagan says.

Judging by the plans on the drawing board, it appears that the hive of activity will not be subsiding any time soon. In the pipeline is another condominium development at CapSquare, styled along the lines of CapSquare Residences 1 that, to date, has hit sales of 95%. BRDB also has a 12-acre tract in Taman Duta where it's planning an exclusive residential development as well as

CONTINUES ON PAGE 30

Bandar Raya Developments Bhd

FINANCIAL YEAR-END DEC 31					
ITEM/YEAR	2007 (RM'000)	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)	2003 (RM'000)
Revenue	663,695	561,523	429,633	425,234	338,625
Pre-tax profit/(loss)	72,037	19,526	(64,138)*	71,379	61,966
Paid-up capital	476,378	476,378	476,378	476,378	476,378
Shareholders' funds	1,420,986	1,379,260	1,148,936	1,226,405	1,195,934
Profit attributable to shareholders	69,350	1,177	(67,151)	37,331	42,421
Dividend payout per share (sen)	7.5	7.5	1.0	3.0	2.0

** 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	Condos	231	849	June 05	75
One Menerung, Bangsar, KL	Condos	229	767	June+Oct 06	85
CapSquare Residences, KL	Condos	180	193	Oct 04	92
CapSquare OT 2, KL	Office space	1 block	432	Jan 08	100
CapSquare Signature Offices A-D, KL	Office space	4 blocks	93	Jan 08	75
Defence Raya Golf Resort — Phase 1, Lahore, Pakistan	Houses	174	276	Nov 06	95

** Including reserved units & as at June 30, 2008*

ONGOING PROJECTS — Property Investment				
PROJECT	TYPE	SQ FT	PROJECTED ANNUAL GROSS INCOME (RM mil)	RENTAL COMMENCE
BSC Extension	Office and retail space	299,771	27	2010
CapSquare Centre	Retail space	160,000	16	3Q2008
The Troika	Retail and office space	97,595	9	2010
E-Centre	Retail space	49,000	6	3Q2008

IN THE PIPELINE				
PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	EXPECTED LAUNCH
Defence Raya Golf Resort	Mixed development	1,076	1,561	3Q08-2011
Ph 2 Zone 6E Bandar Baru Permas Jaya Johor Baru	Condos	113	53	3Q08
Bukit Bandaraya, Bangsar, KL	Condos	128	643	3Q09
Taman Zoo View, Gombak, Selangor	Semidees	14	37	3Q09
Taman Duta, KL	Condos	167	716	4Q09
Six CapSquare, KL	Condos	176	227	4Q09
Bandar Baru Permas Jaya, Johor Baru	Condos, semidees, detached & townhouses	918	505	2009-2012
CapSquare South Tower, KL	Office space	1 block	125	2010
CapSquare North Tower, KL	Office space	1 block	125	2010
The Hartamas Sanctuary, KL	Condos	698	598	2010-2011

GDV: Gross development value

FROM PAGE 28

a six-acre parcel in Bukit Bandaraya planned for a condo development. Earlier this year, BRDB bought a 25-acre parcel of land in Subang Jaya, fronting the Federal Highway; it hopes to submit plans for a mixed development by year-end.

Buoyant as things may seem, Jagan is well aware of the challenges facing the property sector, chief of which is the issue of rising building materials and labour costs. While he says BRDB has been fortunate in that its contracts had been entered into before the spike in construction costs, he is nonetheless conscious of the difficulties faced by contractors. "And we've done what we can for them," says Jagan, pointing to BRDB's move to expedite payment to its contractors to help mitigate any cash flow issues. To safeguard the interests of its buyers, it has also been a policy at BRDB to work with established contractors, he adds.

Mindful that the subprime mortgage crisis in the US has dampened liquidity and as a result, impacted on Asian economies, Jagan is also aware that "as things slow down, opportunities will come up". "Given our robust balance sheet and low gearing, we are at a decent position to consider opportunities as and when they come up," he adds.

According to him, BRDB is currently evaluating opportunities in the emerging economies such as Vietnam, India, the Middle East and Cambodia.

With more than four decades of property development experience, and having witnessed the rise of newer players, Jagan admits that BRDB cannot operate in a vacuum nor rely on the goodwill of its brand alone. "Our basic philosophy is to do better. We want to build houses that are well laid out, well planned and of good value," he says. At BRDB, environmental sustainability is also an important issue. "Energy saving and water use have become part of the planning process. We're embracing environmentally friendly designs."

The developer is also looking at strengthening its position in the upmarket segment of the property market. "Bangsar Hill, when it was launched, was a landmark development and so when we began work on The Troika, we wanted to create something exceptional," says Jagan. At the same time, prospective buyers could always be assured of the quality that comes with a trusted brand like BRDB. "When people buy a property, they buy into reliability. We're reliable in terms of quality and timely delivery. Moreover, we don't shirk our responsibilities if issues crop up."

The desire to always be a step ahead of the rest is driven by a genuine interest of the people at the helm and in the management of BRDB to do good things, says Jagan. "Whether it's in terms of the layout, architecture, landscaping or project management, there is a huge desire, passion and pride. This is how we've been able to do things that catch the market's eye." E

Lifting Malaysian properties to greater heights

***City & Country:* Describe the property scene in the past 12 months.**

Datuk Jagan Sabapathy: The second half of 2007 remained buoyant, underpinned by government initiatives and a steady economy, making Malaysia an attractive investment destination. The current political climate as well global economic challenges, namely turbulence in the financial markets and inflationary pressures, have somewhat dampened market sentiments in 1H2008. Some of the current global conditions, however, are actually positive for the property sector. US Fed-fund easing, for example, has meant lower rates in some Asian countries and increased liquidity. Higher inflation is prompting investors to look to property as a hedge.

We expect the high-end market to continue to be steady as the demand-supply situation is more favourable. BRDB has a very strong brand and unblemished track record as a developer of premium luxury developments.

We strongly believe that there is a constant demand for good quality products from a brand with a strong promise.

What's at stake this year and beyond?

The rising cost of energy, building materials and labour will impact costs. Continuing uncertainties in the domestic political scene and the slowdown of major economies, such as the US, Europe and Japan, will impact market confidence and demand. Additionally, with so many choices available from developers on the market, buyers are increasingly demanding the very best in product offering, quality and service standards. These will lead to rising cost of delivery, which will inevitably be passed on to the consumer.

On the positive side, private foreign direct investment is predicted to grow next year. These factors are driving investor confidence and positioning Malaysia as the regional headquarters of many of the world's major corporations. High-end developers with sought-after addresses will have even more bargaining power in raising their selling prices amid rising land prices and higher building costs.

BRDB readily leverages its strength in developing premium high-end residential developments as well as niche retail centres. The success of BRDB's iconic The Troika, adjacent to KLCC, and One Menerung in Bangsar, is a prime example. Both developments have set new benchmarks for design, quality and price in high-end residential living.

The response from our buyers, both local and foreign, has been encouraging. Foreign developers are showing keen interest in the city, with the many desirable and attractive residential and commercial projects coming up. Thus, local developers will now have to compete with these new players. As purchasers are becoming increasingly sophisticated and discerning, innovation in design and architecture is the key to success. The fact that The Troika has attracted buyers from around the world helps cement our standing in the regional marketplace as one of the best in the industry.

How would you rank Malaysian property developments, in terms of innovation and keeping with changing demands, compared with developments worldwide?

In a still developing country, a few Malaysian developers have managed to make great strides in bringing innovative and smart solutions to the property market. Design, technology and quality have all improved in the past year and we at BRDB believe that our One Menerung and The Troika projects are world-class developments that meet international buyers' expectation of quality, value and recognition. The Troika's position as a truly world-class product is further validated when it won two five-star awards at the highly-acclaimed CNBC Asia-Pacific Property Awards 2008 for Best High-Rise Residential and Best Architecture.

We foresee further competition and higher standard of property offerings from Malaysian developers, benchmarked to the latest environmentally sustainable design. As a premium developer in Malaysia, we at BRDB are already planning for these challenges and are ready to lift Malaysian properties to even greater heights with our future launches.

In your opinion, what attributes should a property developer have in order to thrive in the coming years?

The property market will be very challenging in the coming year. For BRDB to position itself in this highly competitive environment, our designs, ideas and products must be environmentally sensitive, cost-competitive and meet the highest standard and expectation of our buyers. We are consistently pushing the boundaries of design and quality in our aspiration for innovative yet timeless design. Just being innovative will no longer be sufficient. A developer must have the right ideas and the talent to see, believe and execute its vision to keep up with the highest global standard.

BRDB

An artist's impression of the BSC extension

We are proud to be awarded the Top Property Developers Awards 2008.

But we are most honoured to continue developing world-class communities for you.

More than a decade ago, a vision was born: to build a self-contained community complete with residential dwellings, luxurious greens and state-of-the-art infrastructure to accommodate and integrate the worlds of luxurious living, sophisticated business, entertainment and leisure.

This has since become a reality.

The Bandar Utama township which started as a dream, is today home to numerous accomplishments. These include the multi award-winning 1 Utama Shopping Centre, the luxurious 5-star One World Hotel, KBU International College, the much sought after Bandar Utama Homes, the towering business complexes tenanted by world-renowned multi-nationals, Central Park, an oasis of calm and the equally serene West Lake Forest Park.

We also made a pledge to develop all these while maintaining eco-friendly concepts, by adopting energy efficient designs and recycling resources.

We have honoured our pledge. And will continue to honour it.

For we believe in forging communities rather than developing projects, to create homes rather than build houses; so that within the boundaries of this development, you can truly experience an unparalleled way of life.

We hope to continue to provide you with more world-class communities to further improve the quality of your lives.

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Teo: Bandar Utama was planned based on the accumulative experiences of our previous township developments

Bandar Utama City Corp goes from strength to strength

This may be the developer's first appearance on the ranking but it's no newcomer to the property scene. With 45 years of experience in the field under his belt, the man at the company's helm talks about its journey thus far.

| BY SREEREMA BANOO |

While most men his age would be taking it easy and simply enjoying their retirement, Tan Sri Teo Soo Cheng, executive chairman of Bandar Utama City Corp Group, still makes it a point to come in to his office in Bandar Utama, Petaling Jaya, every day. The 83-year-old takes a keen interest in the group's property developments and often goes on walkabouts at the group's flagship retail development, the 1 Utama Shopping Centre. "I'm proud to see so many shoppers at the mall, as well as the big names like IBM and KPMG that have decided to locate their offices at Bandar Utama City Centre," he says.

A well-known figure among the property fraternity, Teo's foray into the property industry began in 1963. Over the years, he has witnessed not only changes in the property landscape, but also nurtured the growth of many business enterprises, perhaps none as high profile as the Bandar Utama Group — the name behind the hugely successful Bandar Utama township in Petaling Jaya that comprises housing units, a shopping mall, hotel and purpose-built office towers.

To the property watcher, Bandar Utama seems to be the address favoured by prospective homeowners and investors; case in point are the queues for its housing units. Still, for the developer, this alone was an insufficient measure of its standing in the market, especially given that it's a private limited company. "We did not have a measure of our standing, how the market perceives and rates us. We wanted to see where we stood, where were our weaknesses and the areas we had to improve," says Teo in response to the rationale behind the group's decision to participate in *The Edge* Top Property Developers Awards 2008. (For the first time since its inception in 2003, the 2008 edition of the awards invited non-listed property development companies to participate in the ranking.)

Having notched seventh spot in the ranking, the developer is understandably pleased. But beyond its delight, the group's performance in the ranking is also a validation of the efforts invested in creating a successful and vibrant township. For Teo, much of these efforts stem from the lessons learnt from previous property endeavours such as Paramount Garden, Damansara Utama and Damansara Jaya (that were undertaken by See Hoy Chan Sdn Bhd Group, the company formed by Teo's father Datuk Teo Hang Sam in the 1950s). "Bandar Utama was planned based on the accumulative experiences of our previous township

KENNY YAP/THE EDGE

developments," says Teo.

The property veteran, who was named Property Man of the Year 2000 by the Malaysian chapter of the International Real Estate Federation (Fiabci), admits that much has changed in the property landscape over the decades. "There is a greater need for detailed planning, and the approval process is also more lengthy now," he says. Apart from this, development approach, technology and design have also evolved significantly over the years; this was apparent when the group compared the development of Atria Shopping Centre in Damansara Jaya (that was built in the 1970s) with the more recent 1 Utama Shopping Centre.

Teo is also well aware of the challenges facing the industry. "Today everyone faces the pressures of inflation... in property, the cost of materials and construction have increased significantly, and the result is impacting the profitability and viability of many projects," he says. While the increase in construction costs is estimated to be more than 30%, the group is fortunate that it is able to rely on its in-house capabilities (from construction to project management) to mitigate pressures brought on by rising materials cost.

For the group, building in-house capabilities is a cornerstone of its corporate policy. "We chose this route to have better control on timeliness and quality, and we feel that this way, we have better purchasing power... besides better prices, we also have certainty in terms of delivery," says Teo. Having such capabilities has stood the group in good stead in the past, in particular the 1998 recession. "At the time, we had 500 houses under construction... when the recession hit, there were a lot of forced sales in the market, so we decided not to launch those units as it would only depress the market further. We also decided that we did not want to retrench anyone, so we continued with the construction. We launched the properties after they were completed... so the build, then sell approach really came about by accident," adds the developer. Having witnessed the favourable public relations and market perception to this build, then sell approach, the developer decided to continue with this mode of selling homes, one of the very few developers in the country to do so.

Focus now on Bandar Utama

Having completed its other projects in Wangsa Maju and Kota Damansara in 2007, the focus now is on developing the remaining tracts in Bandar Utama. These include 200 acres of residential land and 100 acres of commercial land. According to the developer, currently under construction is a clubhouse that's scheduled for completion in September, as well as a 1,000-unit condominium and 500,000 sq ft office tower that's 35% completed.

With just a decade to go before Bandar Utama is fully developed, the developer acknowledges that it is always on the lookout for new landbank. "Given that property development is a land depleting activity, we've also made a conscious corporate decision at Bandar Utama to build investment property on commercial land," says Teo.

Offering his view of the industry, the developer adds that the need for housing is already quite well served, and given the emphasis placed on property developers to provide social housing and infrastructure, the era of township development is limited. On top of this, urban centres have also expanded to the fringes of plantation land, resulting in plantation owners now venturing into property development. "For developers who are not plantation-based, we have to look at boutique, niche developments or further afield," adds Teo.

So what can the market expect from the group? Apart from condominiums, the developer also has gated and guarded villas in the pipeline. "The masterplan also allows for the building of several more commercial buildings that will allow us to be in tempo with market demand," says Teo.

The group is also making a conscious effort to reduce its carbon footprint and has, since 1995, incorporated green building aspects to its developments, such as having a district cooling system to distribute chilled water from one source to multiple buildings. The group also employs thermal storage system — where ice is made during the night and melted during the day to drive the air conditioning system — to save on energy consumption and reduce reliance on electricity.

The developer is also into harvesting rainwater in a big way, using the water collected for the flushing of toilets in the mall and for landscaping needs. The developer estimates that by harvesting rainwater, it has reduced its usage of treated water by 30%. These green initiatives are not only confined to commercial properties. The last phase of 2½-storey terraced houses launched in June last year were also installed with tanks at the mid-roof level to allow owners to harvest rainwater.

The developer sees these initiatives as part of its growth journey. "Now that we are in the ranking, it is incumbent on us to further improve and, hopefully, move up the ranking," says Teo. E

'Industry has to be more efficient to stay ahead'

***City & Country:* Describe the property scene in the past 12 months.**
Tan Sri Teo Soo Cheng: The past 12 months began confidently for the Malaysian property industry with the momentum of foreign interests and investments growing and worldwide property prices rising rapidly. However, as a result of the fallout from the American subprime debacle, unprecedented high oil and food prices, the worldwide economy is also affected, which has dampened sentiment in Malaysia somewhat.

What's at stake this year and beyond?
The impact of rising costs is being imputed into the property industry through higher material and labour costs, which have to date hiked the construction cost in the residential sector by more than 30%. The impact on the commercial sector will be significantly higher due to the higher mechanical and electrical components. Add to this, the uncertainty of costs, prices and sentiment, tender prices are being padded to cover such uncertainties and unforeseen contingencies.

How would you rank Malaysian property developments, in terms of innovation and keeping with changing demands, compared with developments worldwide?
The Malaysian property development industry is very quick to introduce new ideas and concepts into the market, and is quite innovative as well. However, due to the long gestation periods to obtain all approvals, many new concepts appear to be passé by the time they are launched. Many a time, improved designs have to be introduced just before launch, and amendment plans and the whole rigmarole of approval procedures have to be undertaken at the same time.

In your opinion, what attributes should a property developer have to thrive in the coming years?
Nimble. In this fast changing pace and global borderless Internet world, millions of new ideas, concepts and innovations are introduced daily, and their relevance, lifecycles of designs, new materials and construction methods are changing. To stay ahead, the property industry has to be more efficient and quick to absorb such changes, and of course, meet the increasing expectations of very knowledgeable buyers and investors.

Bandar Utama City Corp Sdn Bhd

FINANCIAL YEAR-END DEC 31

ITEM/YEAR	2007 (RM'000)	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)	2003 (RM'000)
Revenue	388,952	318,898	279,230	344,130	199,557
Pre-tax profit	160,428	160,651	132,443	127,568	98,025
Paid-up capital	108,000	108,000	108,000	108,000	108,000
Shareholders' funds	1,034,077	944,149	858,991	770,731	677,702
Profit attributable to shareholders	695,511	605,583	520,425	432,165	339,136
Dividend payout ratio (%)	25	25	—	—	—

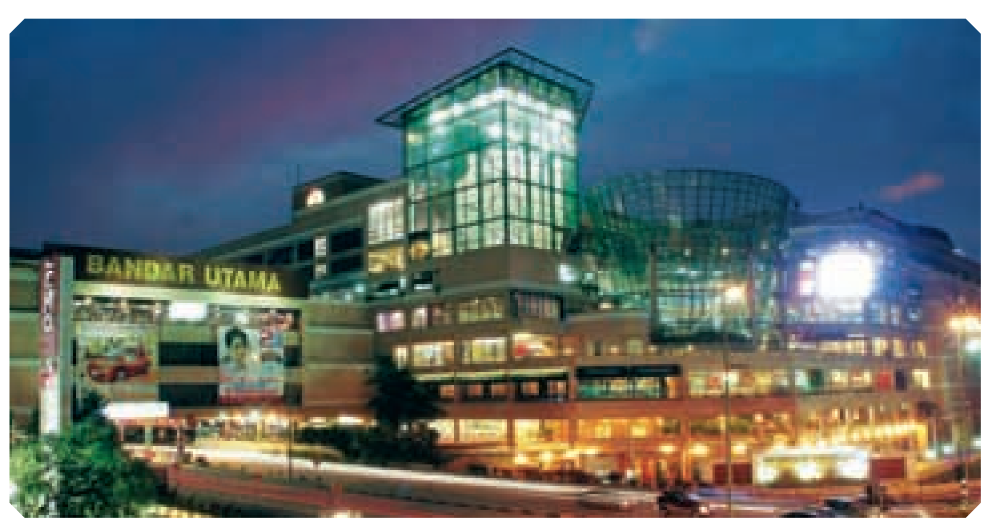
ONGOING LAUNCHES

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	LAUNCH DATE	TAKE-UP (%)
1 First Avenue, Bandar Utama	Office building	30-storey	250	Completion Nov 2009	40
Condominium, Bandar Utama	Residential	911 units	800	—	Build then sell
Central Club House, Bandar Utama	Commercial	1 unit	50	Completion Sept 2008	—

IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	EXPECTED LAUNCH
Twin Tower Office Complex	Office	30-storey	1,000	Rental only
Gated Villas	Residential	70	200	Build then sell

GDV: Gross development value



MOHD IZWAN MOHD NAZAM/THE EDGE

1 Utama Shopping Centre was a landmark development for the group and marked the culmination of decades of experience

Living the Sunrise experience

Beyond developing housing units, Sunrise Bhd, in celebrating its 40th anniversary this year, is also intent on continuing to build the brand and create value for its buyers

| BY SREEREMA BANOO |

For Sunrise Bhd, to be ranked as one of the country's best developers is an honour. But what's more important to the company is the value it has created for its customers, the community and stakeholders. Executive chairman Tong Kooi Ong says the developer's biggest reward is "to see its buyers living the 'Sunrise experience', their capital values appreciating and generating handsome yields, and bringing the Sunrise Mont'Kiara community to an even higher level".

Sunrise, which just celebrated its 40th anniversary, wants to be a long-term player committed to building the brand and creating value for its customers. "To us, that is more meaningful than any award we could ever ask for," says Tong. Unpretentious as these words may sound, they do ring true of the developer that wants to be more than just a provider of housing units; it is aspiring to be a community developer as demonstrated in its development approach to Sunrise Mont'Kiara. "We believe that the 'software', such as after-sales services, maintenance, community amenities, environment preservation and enriching lifestyle activities, is vital in delivering a positive experience and value to our customers. Ultimately, customers are not only concerned about quality and sophisticated designs, but also the tangible value of their investments, such as returns on investment, rental yields and capital appreciation," Tong says.

It is these aspects that helped place Sunrise among the top two spots of the qualitative sub-rankings of *The Edge* Top Property Developers Awards since 2003. In fact, in the first four editions of the awards (2003 to 2006), Sunrise took top spot in the qualitative sub-rankings.

The developer's efforts to offer buyers value have gone down well with the property-buying public. Its latest offering is 11 Mont'Kiara — a 339-unit condominium project that has recorded a 72% take-up rate. Tong credits the encouraging response to the developer's strong brand name and proven track record in delivering value in its Sunrise Mont'Kiara properties.

Tong acknowledges that Mont'Kiara was, and will always remain, the centre of development for Sunrise — having been synonymous with the birth of the address. But with only 82 acres remaining to be developed there, it is inevitable that the developer look further afield. Recently, it scored something of a coup when it emerged as the new owner of Bangunan Angkasa Raya in Jalan Ampang, just a stone's throw from the Kuala Lumpur city centre. "Bangunan Angkasa Raya is a strategic property… We have just bought the land and are now reviewing the various development options and making contacts with world-renowned architects," Tong says.

However, the construction industry is going through some trying times. "Over the past 12 months, average construction cost has increased by 20%, based on the assumption that we are now going into the tenders stage," says Tong. Fortunately for the developer, the

CONTINUES ON PAGE 36

SUHAIMI YUSUF/THE EDGE

Tong: Ultimately, customers are not only concerned about quality and sophisticated designs, but also returns on investment, rental yields and capital appreciation

At Sunrise, we are steadfast in our commitment to contribute positively towards sustainable living. We have minimized our environmental footprint not only by building upwards, but by building green homes that are energy efficient. By practising good environmental stewardship, we have created an eco-friendly and healthy living environment for our Global Village of Sunrise Mont'Kiara, which over 50 nationalities now proudly call home. As such, the Provisional BCA Green Mark Certified Award for 11 Mont'Kiara is a fitting reflection of our years of dedication towards the green cause.
SUNRISE
Building Dreams, Creating Value
Sunrise Berhad
– the 1st Malaysian developer to obtain the
BCA GREEN MARK CERTIFIED AWARD (Provisional)
for residential development (11 Mont'Kiara)
BCA GREEN MARK (PROVISIONAL)
The Green Mark certification by the Building and Construction Authority (BCA) of Singapore is awarded for buildings that
are energy and water efficient
reduce potential environmental impact
improve indoor environment quality
utilize innovative environmental technologies
In Celebration of Green Living
11 MONT'KIARA
Recipient of the ISO 14001 Certification for Environment Management since 2004
www.sunrisebhd.com
Co. No.: 7685-V

'Delivering positive experiences to customers'

***City & Country*: Describe the property scene of the past 12 months.**

Tong Kooi Ong: In general, the demand for properties is still highly dependent on location and market segment. The higher-end market segment is less affected by the rising cost of living and continues to enjoy fairly robust performance. Record prices were achieved for transactions involving prime areas such as Mont'Kiara and KLCC. Sunrise's projects are a testament to this. Almost all our projects are fully sold, except for 11 Mont'Kiara, where we have reserved the bumiputera units.

For the lower-end market segment, demand has been very soft, particularly for those in the less prime locations and those situated away from the population catchment areas. The poor demand is also attributed to the fact that the lower-end market segments are more vulnerable to the effects of rising prices and cost of living.

What's at stake this year and beyond?

We expect overall property market sentiment to be affected by the global economic slowdown. The US credit crunch and the balance sheet impairment of major financial institutions will result in slower credit growth, and further force down demand and investments. This is compounded by inflationary pressures brought about by high oil, steel and commodity prices and weak capital markets. However, the persistent slowdown in demand will eventually translate to lower prices. We project a lower inflation rate as we enter 2009.

In terms of the Malaysian economy, there are concerns over the ringgit, which may affect costs and investments. Soaring construction costs will affect home affordability in the years ahead as wages and salaries struggle to catch up with rising prices.

Another challenge for the property sector is the shortage of quality professionals and skilled labour due to the attractiveness of overseas markets, where wages are substantially higher.

The single greatest challenge for property developers in the next 12 months would be to deal with the softening market demand while construction costs are rising. The problems faced by contractors and suppliers, with mounting cost increases and shrinking cash flow, will further burden developers.

Therefore, we expect to see fewer new project launches in the next one year. This is in a way positive as it allows for the secondary market to catch up and for completed homes to be occupied.

How would you rank Malaysian property developments, in terms of innovation and keeping up with changing demands, compared with developments worldwide?

The property sector is one of the most efficient and open sectors of the Malaysian economy, with minimal barriers to entry. As a result, our properties are competitively priced. In terms of the higher-end segment, I think our building quality and design are as good as other relatively priced properties in the world.

The one area where I would like to see greater efforts is in the development of eco-friendly and "green" buildings that contribute towards sustainability. The scarcity of natural resources, global climate change and growing concerns about the environment call for the need to look into the issues of sustainability and sustainable development. Such initiatives include water recycling, reduction in the use of air-conditioning and using less land for living and more land for green and public facilities, a concept also known as eco-densification.

In your opinion, what attributes should a property developer have to thrive in the coming years?

In line with globalisation and the advent of technology, people are becoming more mobile, affluent and educated. Information is easily available and consumers are becoming increasingly demanding whether in terms of value for money, product quality or service provided. Thus, companies with strong and established brand names, and proven track records for delivering their brand promises — both before and after sales — will have the competitive advantage over other industry players. A house is a product but a home is a daily experience. In this regard, it is not just about the hardware but it is also about delivering positive experiences to the customers.

Aspiring to be a community developer, Sunrise adopts a holistic vision in developing Sunrise Mont'Kiara. We believe that the 'software', such as after-sales services, maintenance, community amenities, environment preservation and enriching lifestyle activities are vital in delivering a positive experience and value to our customers. Ultimately, customers are not just concerned about quality and sophisticated designs, but also about the tangible value of their investments, such as the returns on investment, rental yields and capital appreciation.

FROM PAGE 34

financial impact has not been so severe for it because most of its projects have either passed the structural stage, or tenders for those stages have already been awarded. "Our latest project, 11 Mont'Kiara, will be most affected by the recent cost increases," Tong admits.

"It is obvious that higher costs translate to lower profitability for projects. A mitigating factor for Sunrise is that we have been working on improving efficiency and productivity, and making gains from economies of scale as we have been increasing the number and value of our projects since 2004," he adds.

Going forward, while the industry has over the past few years witnessed the entry of small, new or one-off developers, Tong reckons that higher building costs and slower demand will weed out most marginal players.

"Buyers will stick to time-tested developers with good track records. In that respect, we are confident of emerging even stronger than before in the next upcycle," he says.

The company, he adds, will continue with its mission of delivering sustainable and appreciating value to its customers, staff and shareholders.

"We will also promote sustainability in our developments. For our customers, we will continue to build innovative and quality products, provide them with a positive living experience and high service standards. We will also look into introducing initiatives that promote a safe, clean and healthy living environment for the Sunrise Mont'Kiara community.

"In terms of our products, the projects we develop will always be market-driven. Our development approach is holistic and this means we aim to develop a community rather than a project," Tong says. E

Sunrise Bhd

FINANCIAL YEAR-END JUNE 30

ITEM/YEAR	2007 (RM'000)	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)	2003 (RM'000)
Revenue	558,098	359,185	367,723	259,136	174,277
Pre-tax profit	157,392	41,208	150,215	52,528	42,322
Paid-up capital	446,982	424,519	422,679	263,362	185,090
Shareholders' funds	609,323	506,156	562,175	473,442	354,263
Profit attributable to shareholders	108,109	6,570	104,692	33,359	29,883
Proposed dividend	35,255	17,617	36,341	16,711	9,069
Dividend payout ratio (%)	33	268	35*	50	30

** Dividend payout ratio will be 19% after adjusted for provisions for diminution in asset values (RM87.4 million)*

ONGOING LAUNCHES/UNDER CONSTRUCTION

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	LAUNCH DATE	TAKE-UP (%)
Solaris Dutamas — Ph 1	Shop/office/SA**	544	321.81	May 05	98
Solaris Dutamas — Ph 2	Shop/office/SA	970	384.87	July 05	98
Solaris Dutamas — Ph 3	Shop/office/SA	556	352.96	Jan 07	81
MK Meridin	Condos	228	193.44	Jan 06	91
10 Mont'Kiara	Condos	332	688.06	Sept 06	95
11 Mont'Kiara	Condos	339	878.5	Dec 07	52*

** Total sales, including units pending signing of SPA, is 72%. ** SA: Serviced apartments*

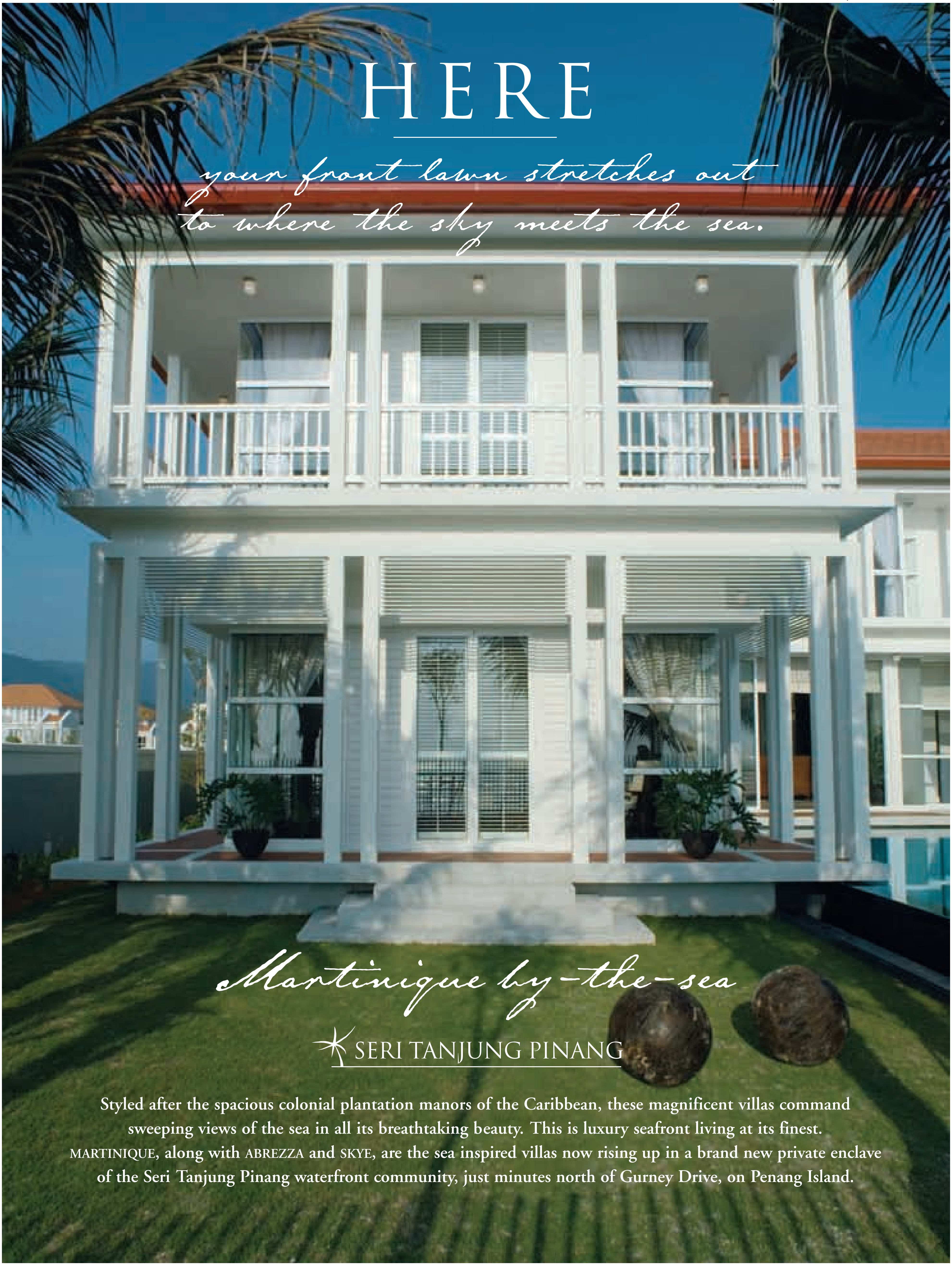
IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	EXPECTED LAUNCH
Residence Phase 2	Bungalow units	20	130.75	Launched
MK28	Condos	460	831.9	4Q08
Solaris 3	Mixed development	—	2,113.75	2Q09
Lot 121	Commercial	407	461.47	1Q09

GDV: Gross development value

SUNRISE

Sunrise's iconic 11@Mont'Kiara has gone down well with the property-buying public


HERE
your front lawn stretches out
to where the sky meets the sea.
Martinique by-the-sea
SERI TANJUNG PINANG
Styled after the spacious colonial plantation manors of the Caribbean, these magnificent villas command sweeping views of the sea in all its breathtaking beauty. This is luxury seafront living at its finest.
MARTINIQUE, along with ABREZZA and SKYE, are the sea inspired villas now rising up in a brand new private enclave of the Seri Tanjung Pinang waterfront community, just minutes north of Gurney Drive, on Penang Island.

E&O poised for more growth

With the completion of the merger between Eastern & Oriental Bhd and E&O Property Development Bhd, the E&O Group is looking to strengthen its base and extend its reach to new locations and business segments

| BY SREEREMA BANOO |

HARIS HASSAN/THE EDGE

Tham: As a larger listed single entity, we are able to pool our resources, strengthen our base and go into new locations

"We came in second last," E&O Property Development Bhd (E&O Prop) managing director Datuk Terry Tham Ka Hon quips. He was referring to the company coming in ninth in the Top 10 of *The Edge* Top Property Developers Awards 2007. In reality, coming in ninth in its very first appearance at the awards last year was not something to be scoffed at, but rather motivation to improve for Tham, who is also managing director of Eastern & Oriental Bhd (E&O). "I always tell my staff that we came in second last, meaning that we have to work harder to move up the ladder." Though the company retains its ninth placing in the 2008 edition of the awards, Tham and his team have reason to cheer — the developer's improved financials, stronger profile in the property market, particularly Penang, and more importantly, the gains to be reaped following its merger with E&O.

With the completion of the merger in August, E&O Prop is now a wholly-owned subsidiary of E&O. (As of Aug 8, E&O Prop was delisted from Bursa Malaysia.) "As a larger single-listed entity, we [the E&O Group] are able to pool our resources together, strengthen our base and venture into new locations," says Tham of the group's plans to better seize growth opportunities in the Malaysian property market. Tham is the managing director of the E&O Group.

To this end, the group's focus will be on three core business activities — hospitality and lifestyle, property investment, and property development. Its property development division is expected to contribute 60% of its revenue over the next five years. The other divisions, meanwhile, are expected to contribute 20% each to the group's earnings. Tham says the group's property development focus will be on upmarket housing properties in prime locations in Penang, Johor and the Klang Valley. To date, the group already has a few high-end housing projects to its name — the Dua Residency condo project, within the KLCC address, Idamansara and Seventy Damansara (both gated and guarded enclaves) in Damansara Heights, as well as the seafront development Seri Tanjung Pinang in Penang.

Launched in 2005, the Seri Tanjung Pinang development is seen as a landmark development of sorts for the group, which prior to this was known in the state for its famed Eastern & Oriental Hotel. Today, with 65% of Phase One (covering 240 acres) already completed or under construction), Tham and his team are pleased that not only has the developer gained a foothold in Penang, Seri Tanjung Pinang has also raised the bar in the state's property scene. "There has been greater awareness over the last few years. We have broken the old, conservative thinking of Penang investors and buyers… we've made them accept benchmark prices, which have been brought about by innovative design, so much so buyers today are starting to expect higher standards in the finished products. But it's been a tough job," says Tham. E&O Prop marketing and sales director KC Chong concurs, pointing out that when the first housing units at Seri Tanjung Pinang were offered, the developer opted to finish the master bathroom in marble. "It was in the style of hotels, and never done before in Penang… it was tough in the early days, so we used the show units to our advantage to win buyers," he recalls. That approach paid off and the group hasn't looked back since.

More aggressive marketing

In April this year, the developer put on the market 36 semidees (Acacia) in Seri Tanjung Pinang. Boasting a built-up of 4,000 sq ft, the units start from RM1.6 million each. To date, 50% of the units have been sold, with 80% of the buyers hailing from Penang. The developer notes that the serviced suites at the Waterside (the 850- to 1,800-sq ft units, priced at about RM650 psf, were launched in July 2007) have notched a take-up of 90%. "The units facing the marina were sold within two months," adds Chong. However the 3-storey villas-by-the-sea have not received overwhelming response, with only 30% of the 40 units sold to date. "The response has been slow, people are more cautious," concedes Tham. To address this, he says the company is being more creative and aggressive in its marketing. "Our launches are being extended to more locations, not just Penang," he says, adding that in October last year, the company set up an office in Singapore, and at the same time has marketed its properties via road shows in Hong Kong, Shanghai, Medan, Surabaya and even the UK.

Tham acknowledges that the opening of its office in Singapore has been a plus. "With the exposure to potential buyers, we've also been able to obtain feedback on their preferences. This

Planting the seeds of growth

***City & Country:* Describe the property scene in the past 12 months.**

Datuk Terry Tham Ka Hon: The past 12 months have been exciting, yet challenging for E&O Property Development Bhd (E&O Prop). E&O Prop's launches have seen satisfactory take-up rates, particularly in the first six months. During this period, we had three product launches at our Seri Tanjung Pinang masterplanned development in Penang — Acacia 3-storey semidees with built-ups of 4,000 sq ft, at prices starting from RM1.45 million upwards; serviced residences called Suites At Waterside with built-ups of 850 sq ft to 1,800 sq ft, priced from RM525,000 to RM1.3 million; and 3-storey Villas-by-the-Sea with built-ups starting from 5,190 sq ft, and priced from RM2.6 million.

The following six months saw buyers and investors taking a more cautious wait-and-see approach in light of changing market sentiments, attributed to the global economic environment as well as tougher business conditions locally, particularly the price rises across the board. This was reflected in the lower than expected take-up rate of 30% to date for our luxury Villas-by-the-Sea at Seri Tanjung Pinang.

Nevertheless, E&O Prop has been cushioned to some extent due to our deliberate business strategy of focusing on premier developments in prime locations, where demand and values show greater resilience. Ongoing efforts in branding initiatives have also helped to differentiate E&O Prop in the marketplace.

What's at stake this year and beyond?

With the completion of the merger between Eastern & Oriental Bhd and E&O Property Development Bhd in August, the E&O Group becomes a larger listed single-entity, consolidating its financial and operational resources and expertise to better seize growth opportunities in the increasingly competitive Malaysian property landscape. The E&O brand capital and promise will be extended throughout the group's three core divisions of property development, property investment, and hospitality and lifestyle.

Based on our achievements so far, E&O's focus going forward will be to implement our strategy of "Strengthening and Expanding Earning Drivers" or SEED.

Strengthening our base includes venturing into new locations. Our memorandum of understanding with Kuwait Finance House will bring E&O Prop's presence to all three major urban centres in the country. We also have expansion plans for our hospitality division, increasing the number of keys and facilities at our existing hotels in Penang. In addition, the creation of the property investment division will enable us to maximise capital returns in the medium term on our prime developments, benefiting from rent income in the process.

Much like planting a seed, the implementation of this business strategy will take time to nurture but the foundation is set and the direction is clear. In the near future, E&O Prop's planned launches will proceed, such as the launch of the St. Mary's commercial and serviced residence development in the heart of Kuala Lumpur's Golden Triangle at the end of this year.

How would you rank Malaysian property developments, in terms of innovation and keeping with changing demands, compared with developments worldwide?

Over the last few years, more and more Malaysian developers have gone abroad to seek inspiration and expertise. As a result, Malaysian developments have seen positive strides in innovation as well as improved designs, while being mindful of local preferences and requirements. This rise in the quality of concepts and standards is evident with many Malaysian developers receiving awards from international accreditation bodies.

In your opinion, what attributes should a property developer have to thrive in the coming years?

Maintaining a strong financial position is crucial, which includes positive cash flows and disciplined financial management. In a challenging business environment, developers need to be more aggressive and creative in their marketing strategies, promoting their products to new, as well as established, markets. The ability to attract joint venture partnerships will prove to be increasingly valuable when taking on new opportunities, especially with the benefit of risk-sharing. Finally, developers must be flexible so as to respond to changing market conditions or match purchasers' needs.

E&O

The E&O Group wants innovative design to be a hallmark of their products

E&O Property Development Bhd

FINANCIAL YEAR-END MARCH 31					
ITEM/YEAR	2008 (RM'000)	2007 (RM'000)	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)
Revenue	554,299	490,488	325,373	114,696	43,451
Pre-tax profit/(loss)	194,398	166,645	57,609	18,070	(9,090)
Paid-up capital	662,126	642,195	568,624	568,624	557,213
Shareholders' funds	949,966	826,073	674,932	610,160	573,957
Profit attributable to shareholders	125,595	133,613	64,802	38,087	11,866
Dividend payout ratio (%)	—	38.68	—	—	—

Note: The Group has applied Financial Reporting Standard 5 (FRS 5): Non-current Assets Held for Sale and Discontinued Operations prospectively. Continuing operations represent solely the results of the Group's principal activities in property development.

ONGOING LAUNCHES					
PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	LAUNCH DATE	TAKE-UP (%)
Kuala Lumpur					
Dua Residency, Jalan Tun Razak	Condos	288	510	April 04	92
Seventy Damansara, Damansara Heights	Detached homes	12	76	Jan 06	100
Idamansara, Damansara Heights	Semidees & detached homes	91	295	May 06	100
Seri Tanjung Pinang, Penang					
Ariza	Courtyard terraces	97	80	Oct 05	100
Ariza Duo	Courtyard terraces	160	136	Nov 06	100
Avalon	Semidees	92	131	June 06	100
Acacia (launch 2)	Semidees	58	88	April 07	90
Acacia (launch 2)	Semidees	36	64	April 08	45
Bungalow Parcels	Land parcels	48	73	Feb 06	95
Suites at Waterside	Serviced residences	160	123	July 07	90
Skye, Abrezza & Martinique	Villas-by-the-Sea	40	117	Dec 07	30

IN THE PIPELINE			
PROJECT/LOCATION	TYPE	NO OF UNITS	EXPECTED LAUNCH
Land at St Mary, Off Jln P. Ramlee, KL	Serviced suites & retail	~650	4Q08
Condominiums at Seri Tanjung Pinang, Penang	Condos	~1,000	4Q08
Luxury Condominium at Jalan Conlay	Condos	~100	2Q09
Seafront Terraces at Seri Tanjung Pinang	Terraced homes	68	3Q10
Jalan Semantan land (JV with Selangor Properties)	Office & serviced apartments	~2 million sf of GFA	TBA

* *GDVs (Gross development value) for projects in the pipeline are unconfirmed at the moment. The projects are in the final planning stage and pricing will depend on factors such as specifications given to purchasers, market condition, etc.*
** *GFA: Gross Floor Area*
** *TBA: To be announced*

is useful for future launches, and we've already started tweaking the design of our products," he says. One example, is changing the number of bedrooms from three to two to accommodate more spacious rooms. "We're also including more features and furnishings such as lighting and built-ins to a lot of the properties."

Besides the softer market response, the property market is also faced with rising construction costs, brought about by the rise in materials cost. Tham, however, says the group has been fortunate in this respect. "We commit on the selling price once the development is at an advanced stage of construction. For those units that have not been launched, we will not set the pricing yet, so to a reasonable extent, we can adjust prices based on current conditions. As a result, we don't have the case of contractors asking for variations," he adds.

Raising its game

As a larger listed single-entity, Tham and his team also expect to up the ante where new developments are concerned. The team is especially excited about Seri Tanjung Pinang's Waterside retail development. The 250,000 sq ft development will boast retail as well as food and beverage outlets, which will be leased by E&O. While the retail space is not extensive, the developer expects it to be unique, especially the proposed water taxi service linking the waterfront development to its hotel properties, E&O Hotel and Lone Pine Hotel in Batu Ferringhi. "We hope that once completed, the Waterside will attract both local and foreign tourists," says Chong adding that the 75-berth marina within the Waterside development will also attract vessels en route to Phuket, Thailand.

In the Klang Valley, the group plans to develop serviced suites and a retail podium at the former St Mary's school site on Jalan Tengah in KL's Golden Triangle. The joint venture with Lion Group will see the development of three high-rise towers boasting 657 serviced apartments with built-ups ranging from 1,000 sq ft to 3,500 sq ft. Of the 657 units, 200 units will be retained by the landowner (the Synod of the Diocese of West Malaysia) but managed by E&O. The remaining units will be sold at the end of the year. Adjacent to the St Mary's serviced apartments project, E&O is building a 35-storey Grade A office tower with a gross floor area of about 400,000 sq ft. Substructure works are already underway, says Tham.

Earlier this year, the group also inked a memorandum of understanding with Kuwait Finance House to form a joint-venture company for the development of a 195-acre Heritage District within Node One in Nusajaya, part of Iskandar Malaysia. The development is in the planning stage, discloses Tham.

Besides development, the group has recently set up a property investment division that will acquire select landbanks and properties to provide E&O with steady recurring income. Hence, once completed the Waterside retail development and the 35-storey office tower in KL will be contributors to this division.

Equally important to the group is its hospitality division. The E&O Hotel is slated for expansion with the construction of the annexe scheduled to start soon. Scheduled for completion in two years, the expansion plan will add 150 suites to the present 101. The group will also be expanding Penang's oldest beach hotel (established in 1948) — the Lone Pine Hotel — increasing the number of rooms from its present 50 to 90. Besides hotels, the hospitality arm will also manage the group's serviced residences, such as the 200 units at the St Mary development project. E

PATRICK GOH/THE EDGE

Ghazali: When people close, we open. We want to set the pace where we are.

Boustead Prop bucks the trend

Having created the successful township of Mutiara Damansara, the developer continues to offer added value

| BY SHARON KAM |

Becoming trendsetters — that is how Boustead Properties Bhd director Datuk Ghazali Mohd Ali describes its successful Mutiara Damansara development in Petaling Jaya, Selangor. This is the fourth time that Boustead Properties has made it to the Top 10 of *The Edge* Top Property Developers Awards. This year, it took the 10th position. (On Aug 8 this year, the property arm of Boustead Holdings Bhd was taken private.)

"At Mutiara Damansara, we could have followed the move towards high density developments and build more condominiums but we did not. When people close, we open. We want to set the pace where we are," says Ghazali.

Since Boustead first launched the township in 2000, Mutiara Damansara has seen strong and steady appreciation. The highly successful development could be due to its freehold status and strategic location but it is also very much because of the developer's innovativeness and initiatives to add value for purchasers.

"We do not stop after we have delivered. We constantly value-add. We focus on quality rather than quantity. For instance, we maintain the open spaces, the parks and roads, all at our own cost to ensure control over the aesthetics, the cleanliness and other aspects which could add value," says Ghazali.

"If we had not bucked the trend, we would not have come up with a commercial hub such as what we have now in Mutiara Damansara," he adds, referring to the commercial precinct which now comprises Boustead's The Curve shopping and lifestyle centre and other commercial entities such as Ikea, Ikano, Tesco and Cineleisure.

Mutiara Damansara

The 360-acre Mutiara Damansara has only 30 acres left for development and "the longer it waits, the better", according to the developer. This has been Boustead's strategy for some time considering the strong appreciation in value of real estate here over the past few years.

It launched its bungalows and semi-detached houses there in 2002, priced at RM1.3 million and RM843,000 respectively. Today, the same units are being transacted ar RM2.4 million and RM1.8 million respectively. Bungalows here are currently being tenanted at about RM15,000 a month.

Early last year, the developer launched 3-storey semidee units at RM1.8 million each but just a little over a year later, these units are already transacting at above RM2 million on the secondary market even before the houses have been delivered!

Demand for properties there has not lagged even amidst the overall sluggish property market in the Klang Valley.

In fact all the residences launched by Boustead last year, comprising about 180-odd units of bungalows, semidees and superlinks, have been fully taken up.

The next residential phase in Mutiara Damansara will be Surian Residences, a condominium which is pending approval. It is expected to be launched end of the year. "We are looking at a selling price of above RM500 psf, for now," says Ghazali.

The 311-unit condominium project, the second after Surian Condominium which Boustead launched in 2004, will be on a 10-acre site, with sizes of between 800 sq ft and 2,200 sq ft per unit.

"For the future, we still have 10 bungalow lots of 10,000 sq ft each which we may develop and sell or just sell as bungalow land. We have not decided on that," says Ghazali.

As for its corporate lots, prices may breach RM420 psf soon. There were 20 such 1-acre lots and there are only nine lots left for sale which Boustead is considering holding back, again in line with its strategy of tapping into future price appreciation.

The daytime population of Mutiara Damansara is also growing, what with the increasing presence of corporations and multinationals taking up office and showroom space there. The major companies already there or moving there include Nestlé, Daimler-Chrysler (M) Sdn Bhd, Toyota Lexus, UAC Berhad and Batu Kawan Berhad.

"Several of our friendly competitors, like Glomac, have bought land from us which we would like to believe means we are doing quite well," says Ghazali.

The rising population in the area will provide further boost to the shopping precinct there.

"This allows us to offer more products and change the tenants mix more often. At The Curve for instance, Debenhams will be opening there at the end of this October, taking up 10,000 sq ft, while Living Quarters and Metrojaya will be expanding. The number of tenants has increased over the years and other new tenants will be coming in. F & B outlets are doing well too. Turnover rentals have also increased and this is a good sign," says Ghazali.

"The Curve attracts two million visitors a month and we are confident it will reach 100% occupancy by end of September," he adds.

CONTINUES ON PAGE 42

Boustead Properties Bhd

FINANCIAL YEAR-END DEC 31

ITEM/YEAR	2007 (RM'000)	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)	2003 (RM'000)
Revenue	462,351	355,297	341,346	359,948	237,751
Pre-tax profit	135,391	224,474	87,110	142,667	119,725
Paid-up capital	255,199	255,199	255,199	255,199	176,346
Shareholders' funds	1,310,908	1,266,293	1,059,383	1,044,928	842,446
Profit attributable to shareholders	100,404	198,546	64,162	116,823	87,231
Dividend payout ratio (%)	56	28	72	42	33

ONGOING LAUNCHES/UNDER CONSTRUCTION

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	LAUNCH DATE	TAKE-UP (%)
Mutiara Damansara	Bungalows	9	25	Oct 1, 2007	100
	Semidees/superlinks	54	87	Jan 11, 2007	100
	Semidees/superlinks	123	152	June 23, 2007	100
	Office tower	1	168	Feb 14, 2006	100
Mutiara Rini, Johor	Terraced	184	15	Feb 28, 2007	95
	Terraced	81	15	July 23, 2007	98
	Shops	38	14	Aug 4, 2007	32
	Semidees	4	1	Oct 29, 2007	75
	Terraced	93	16	Nov 3, 2007	54
	Terraced	104	21	Nov 24, 2007	99
	Terraced	112	20	May 3, 2008	30
183 Jalan Ampang, KL	Condo	43	150		Not for sale

IN THE PIPELINE

PROJECT/LOCATION	TYPE	NO OF UNITS	GDV (RM mil)	EXPECTED LAUNCH
Mutiara Damansara	Condo	311	330	Early 2009
Mutiara Rini, Johor	Terraced	426	75	Throughout 2008

GDV: Gross development value

'Strong interest in existing stocks the silver lining'

***City & Country:* Describe the property scene in the past 12 months.**

Datuk Ghazali Mohd Ali: Prior to the oil price hike, developers were upbeat about the property market as the country was enjoying strong GDP growth. Although there were problems in getting supply of steel and cement, these did not stop developers from going ahead with their property sales launches.

However, the worldwide surge in oil prices, which forced the government to reconsider the subsidies which Malaysians were enjoying, had a snowball effect on the country's economy as food prices escalated and cost of materials spiralled out of control. To top it off, Tenaga Nasional increased its rates by another 26% in July this year.

This cost escalation has led to contractors threatening to walk away from their jobs unless developers review their contracts. Whilst developers are forced to acknowledge the cost increases and will have to pay more in order to complete ongoing projects, they will not be able to pass on these extra costs to purchasers who have signed the sale and purchase agreements.

What's at stake this year and beyond?

For us in Boustead Properties Bhd, we are fortunate to still be able to enjoy the exceptionally good take-ups of units launched in Mutiara Damansara, but looking ahead, it will be a challenge for us in view of the higher construction cost as compared to the past.

We find that generally, the appetite for high-end units is still strong as properties in Mutiara Damansara are highly sought as investment opportunities in view of the appreciation in values over the years and the good accessibility and reputation of the location itself.

As with all challenges, there is the silver lining and this is in the form of strong interest in existing stocks that we still have in Johor which are value for money for Johoreans who are familiar with our 'Mutiara Homes' in Johor Baru.

How would you rank Malaysian property developments, in terms of innovation and keeping with changing demands, compared with developments worldwide?

I think that Malaysian developers have come a long way and are now more innovative and more technology-savvy in the products that are now put in the market. For example, most Malaysian homes launched now feature standard security gadgets such as an alarm system, three-phased wiring, solar panels and are Astro-ready. The more sophisticated and environment-conscious developers now even provide rain water recycling roof retainers, and electricity generating solar panels amongst other features.

In your opinion, what attributes should a property developer have to thrive in the coming years?

It would be imperative to gain the confidence and trust of purchasers in order to survive the coming years as discerning purchasers are able to distinguish between responsible and fly-by-night developers.

Keeping up with technology is also important as competition will be greater in the years to come.

FROM PAGE 40

The Curve is developed by Mutiara Rini Sdn Bhd, a wholly-owned subsidiary of Boustead Properties.

The Curve management will be embarking on a new joint branding exercise with its neighbours like Ikano and Cineleisure to brand the whole commercial area as "One Destination" or a one-stop commercial centre. This new branding strategy will begin early next year.

According to Ghazali, Cineleisure which is 50%-owned by Boustead in a joint venture (JV) with the Cathay Group, will be undergoing a major revamp soon with revised floor layouts and new signages. New tenants will also be invited to move in.

To cater to the rising daytime population, the current site where a McDonald's outlet now stands will be turned into a car park accommodating 1,000 cars.

According to Ghazali, there are currently five access points into Mutiara Damansara and Boustead is studying yet another access which will head straight to the Damansara-Puchong Highway.

The proposed LRT line from Kota Damansara to Cheras which is expected to pass through the area, will certainly augur well for the whole development and plans are to build connecting links from the proposed LRT station near the new hotel right up to the corporate offices.

The 145-room Royale Bintang Damansara is also experiencing good occupancy rates, especially during weekends, and to cater to the demand for more rooms, a second hotel will be built there.

"The building of our second hotel there will be commencing soon," says Ghazali, adding that the 302-room 4-star hotel is located behind Cineleisure.

Boustead also manages the Royale Bintang KL and the soon-to-be-open five-star Royale Chulan on Jalan Conlay, KL. It has also taken over the management of Royal Adelphi in Seremban and hopes to open the Royale Bintang Penang next.

Another project by the developer in the Klang Valley is its 183, Jalan Ampang condominium, next to the British High Commission, which has just been completed. However, those units are for rental only.

For future developments, there is a half-acre piece of land in Kenny Hills which Ghazali says can be developed into a super bungalow or a limited number of bungalows, while there are plans for a mixed development in a JV with the Cathay Group on a site in Bukit Bintang which used to house a Cathay cinema.

The group's development on Balau estate, a former 1,336-acre oil palm estate in Semenyih, Selangor where the University of Nottingham campus is located, is also being geared up for its first launch of residential homes. The university can be the catalyst for housing and property development in the area, says Ghazali, adding that Boustead is managing the project for the group.

The group's property investments experiencing good occupancy and rental yields include Menara Boustead, Menara Affin and Wisma Affin, all in Kuala Lumpur's Golden Triangle.

In Johor, the developer's 1,400-acre Mutiara Rini development in the Iskandar Malaysia region is seeing good sales, with 6,000 homes already sold. It has another 800 acres to be developed.

"We are starting development of the commercial area soon. It won't be another The Curve but we are negotiating with a potential key anchor tenant," says Ghazali.

The developer had also strived to offer something different from other developers there. For one, each purchaser is given a bicycle so they can make full use of the 30km bicycle lane in the development. The township development also boasts a 60-acre town park which it is developing with the support of the Forest Research Institute of Malaysia.

Strategy going forward

The overall economic slowdown, and rising inflation coupled with the increasing costs of construction, would affect a developer in one way or another. For Boustead, it is somewhat fortunate that it would be able to buffer the high cost of construction by raising selling prices of properties in its development in Mutiara Damansara, says Ghazali.

Boustead Properties was taken private recently and the company would be doing a bit of rationalising while facing the challenges in the current property market.

In dealing with increasing costs of construction, Boustead is looking at smart partnerships with subsidiaries within the group which are involved in manufacturing building materials such as ceramics and paint. "We are also looking at coming up with more efficient designs for our properties, as functional designs can contribute to the cost of construction," says Ghazali.

One thing Ghazali really wishes though, is for the government to speed up development planning approval as this would help reduce construction costs.

"Construction periods can be reduced but we never really know when the approval will be given. As long as there is a delay, it will add to the costs," he says.

Although the government has made some improvements in the approval system, Ghazali feels things can be even better. "The improvements to the public delivery service is not moving as fast as it should be. We also need credible and corrupt-free civil servants for the industry and the people to benefit because delays are a factor in the costs of construction," he adds. E

HARIS HASSAN/THE EDGE

The Curve plans a joint exercise with its neighbours, like Ikano and Cineleisure, to brand the whole commercial area as 'One Destination'

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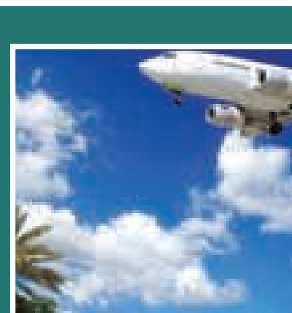

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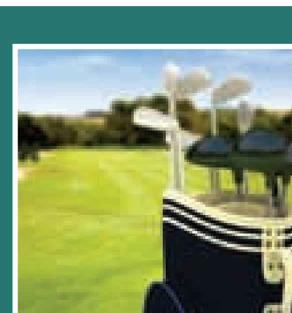

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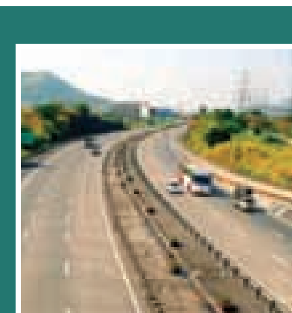

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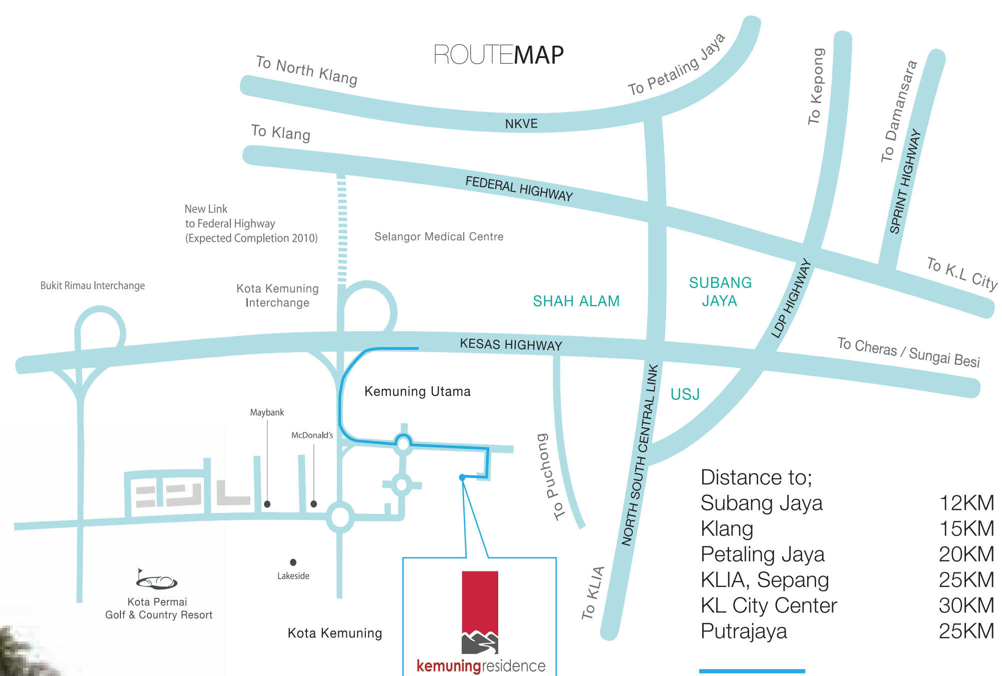

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OFFSHORE

Adjustments in Guangzhou's home market

Primary and secondary housing markets in Guangzhou, China have seen consistent declines in sales volume and prices in the first half of the year since their peak in 2007. Like other first-tier cities such as Beijing, Shanghai and Shenzhen, Guangzhou's home market is enduring an uneasy but natural market adjustment, partly due to the government's curb on second-home lending and other contractionary monetary policies, says Vigers International Property Consultants' 2Q2008 quarterly report on the city.

However, holding other factors constant, the international property consultant believes that the city's housing will be back on track "rationally" throughout the second half, especially the post-Olympics months. According to the report, as of June, average home price of the 10 administrative districts of Guangzhou was 9,569 yuan (about RM4,737) psm, up 2.6% from 9,316 psm recorded in 1Q2008, but down 9.1% on a y-o-y basis. Gross floor area (GFA) of 1,459,400 sq m was taken up by new sales in 2Q2008, up 52% from the previous quarter.


BLOOMBERG

Many tall buildings raise the skyline of Guangzhou, China

Primary market

Between January and June, new supply in the primary market rose by 30% from the same period last year. But new homes failed to lure more purchasers and sales volume fell by 43.5%, with only 2,417,800 sq m being filed as sold, the lowest figure in five years. Four years ago, the take-up rate of the residential market proudly stood at 100%, and since then it has been falling.

"As the central government tightened credit policy against second-home ownership in September last year, capital values and sales volume were suppressed especially between January and May during which sales volume was taken down to below 400,000 sq m," says the report. General home prices were steady with slight ups and downs over the period.

Secondary market

Values have fallen in the secondary market for the first time in five years. In 1H2008, secondary home sales accounted for 48.1% of total transactions. "There was an atypical phenomenon in some submarkets where developers kept cutting prices of new homes to a point where even new homes were cheaper than secondary properties.

"Such odd market imbalance has discouraged home buyers from investing in the secondary market. As a result, even June has seen the best record of secondary home sales so far this year (666,400 sq m), and it is only about two-thirds the sales volume during the same period the last few years," says Vigers. Under the current circumstances when new homes are facing downward pressure, the secondary market will follow in turn, it adds. "As the city has considerable amount of recently built new stock estimated at 60,000 housing units, values of secondary homes will continue to fall for a time on the back of low demand," says Vigers.

"We expect that capital values will further decline and they are expected to end the year down 5% to 8% at 8,800 to 9,100 yuan psm and 6,900 to 7,200 yuan psm in primary and secondary markets respectively. Sales volume in both markets is expected to decline by 30% and 20% respectively."

Luxury sector

Uninfluenced by weaker market sentiment, the luxury sector fared better than the mass market, with prices averaging 20,880 yuan psm, down 3.8% q-o-q and 10% y-o-y.

In April and May, average sales went through the 10,000 yuan psm level. Guangzhou Land Resources and Housing Management Bureau explained that more higher-priced sales had been registered in Tianhe district, Yuexiu district and Liwan district. Residences with price tags 10,000 yuan psm or above accounted for 69.6% of the sales in April, up 19.7% from 49.9% recorded in March.

Grade A office market

In the 2Q, rent and capital values of Guangzhou's Grade A office properties sustained growth, reaching 140 yuan psm a month and 21,700 yuan psm respectively, up 9% and 10% on a y-o-y basis. With no new supply in 2Q2008, vacancy rates have dropped to 22.6% from 26.3% recorded in 1Q2008.

New leases have taken up 35,000 sq m of office space. Lease transactions were active, particularly in prime districts Zhujiang Xincheng and Tianhe CBD (central business district). "As high-end tenants, many of which are Fortune 500 companies, favour only these two districts, increased demand has driven monthly rent values of these two areas to 172 yuan psm on average and taken vacancy rates down to 34%," says the report.

Prime office and retail space in Gold Tak Landmark in Zhujiang Xincheng was up for lease during the period and is scheduled to be handed over to tenants in 2009. Taking on more and more corporate tenants, Zhujiang Xincheng is emerging as the city's other CBD after Tianhe district.

As the city's longstanding business hub, Tianhe district recorded the most lease transactions during the period, having taken up 27,000 sq m in office space, mostly from Skyfame Tower. Outstripped by rent demand, vacancy rates at Tianhe CBD fell to 6%, down 3% y-o-y. The sales market was relatively sluggish over the period. According to Guangzhou Land Resources and Housing Management Bureau, 227,800 sq m of office space was sold in these three months, down 49.2% y-o-y. Even so, scarcity in the sales supply of prime office space during the period propped up prices. At the same time, a significant portion of prime office space was available for lease only.

Abundant new supply in 2007 has added 700,000 sq m of floor space, or 65% more, to the inventory pool with no new stocks being added since then. Taking into account the current stock level, Vigers expects rent and capital values to sustain their mild growth throughout this year, and vacancy rates to continue falling.

Land sales

If the city government intends to sell a total area of 2.5 sq km to 4 sq km of land for residential and commercial development as it initially planned, then as of mid-2008, only 15% was sold successfully (if 2.5 sq km is counted as the whole target). This being the case, land will become even cheaper later this year, and even next year, and probably be sold at par, says Vigers.

According to Guangzhou Land Resources and Housing Management Bureau, between January and June, a total area of 1,420,000 sq m of leasehold land was purchased by developers, up 43% on a y-o-y basis. Of the land auctioned, 62% will be turned into manufacturing facilities, 27% for residential and retail developments, whilst the remaining 11% for banking and finance.

In terms of geographical location, Luo Gang district has had the most plots acquired by developers, accounting for 710,000 sq m, or 50%, of the total area sold, followed by Nan Sha district with 40,000 sq m sold (28%). Apart from those plots intended for industrial development, only six deals involved residential development in 1H2008, amounting to 380,000 sq m with a projected GFA of 800,000 sq m upon completion. Four of the deals were sold at the set price. A plot in Nan Sha district was sold for 20% less than a similar plot acquired by Times Real Estate in December 2007. Two other plots in Lao Cheng district were also sold at the set price, at 1,838 and 703 yuan psm respectively.

— Vigers Appraisal and Consulting Ltd

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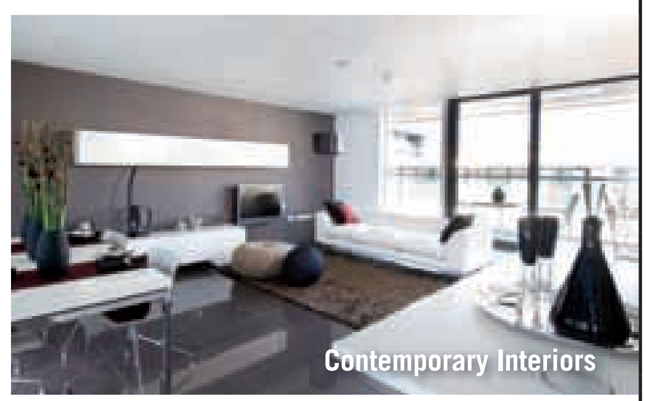

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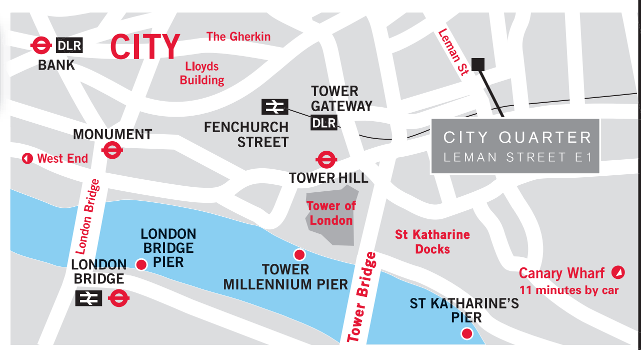

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OFFSHORE

Weathering a property crunch

Having learnt from the Asian financial crisis a decade ago and been through at least three property cycles, Wing Tai is in good shape to ride out the current market downturn, and position itself for the next lap

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

When the 60-year-old Singaporean owner of a Good Class Bungalow at Bukit Tunggal Road (off Chancery Lane) sold his home for S$12.58 million two years ago, he wanted to downsize to an apartment. His top choice was a 2,896 sq ft, four-bedroom apartment at property developer and retailer Wing Tai Holdings' Draycott Eight because "it was nicely done up", and he was willing to shell out S$5.8 million for it.

Completed in 2005, the 136-unit Draycott Eight luxury condo sits on a 152,920 sq ft, 99-year leasehold site in the posh neighbourhood of Draycott Park. It was launched for sale in late 2005, and all the units have since been sold out. An indication of how prices in the project have appreciated over the last two years can be seen in transactions in the resale market.

For instance, in November 2005, a four-bedroom apartment on the seventh floor of one of the towers was sold for S$4.56 million (S$1,575 psf). It changed hands in January this year for S$7.45 million (S$2,573 psf). Another four-bedroom unit on the third floor of the same tower was purchased for S$6.8 million (S$2,348 psf) in March last year, and subsequently sold for S$8.3 million (S$2,867 psf) in April.

Even though Singapore Exchange-listed Wing Tai had acquired the Draycott Eight site over a decade ago, it waited patiently until the project was completed and sentiment improved before launching it.

"The real estate [market] goes through cycles," says Edmund Cheng, its deputy chairman and deputy managing editor. "And if we have a good piece of land [and] a good development, we know that one day the property market will come back and it will be at much higher prices. Just like what happened at Draycott Eight: I knew if we completed the project first, we would be able to command a higher price, and we certainly did."

Ready to wait

Wing Tai is prepared to play the waiting game all over again in the current market downturn. Like most other developers, it has held back the launch of its upscale projects in the midst of a subdued market in the top end. One of its two existing launches is the 140-unit Helios Residences at Cairnhill Circle, where 71 units have already been sold at an average price of S$3,000 psf each.

"Even as transactions slow down in the market and [Wing Tai] may not be able to achieve the average selling price of S$3,000 psf for the remaining units, the cash flow from the 71 units sold should be sufficient to fund the construction of the entire project," says Kim Eng's analyst Wilson Liew in his July 11 report, which initiated coverage on the stock with a "buy" call.

The other is the 336-unit Floridian along Bukit Timah, in which Wing Tai holds a 40% stake, with Far East Organization holding the remaining 60% and marketing the project. Only seven of 75 units released sold at an average of S$1,700 psf since it previews of the project began last December, says Kim Eng's Liew.

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

Architecture would be very superficial if it's just a beautiful building — Cheng

What had started out as a spectacular year for the top end of the market in 1H2007 proved to be short-lived when the US subprime mortgage crisis spread, and had a knock-on effect on stock and property markets around the globe, from Mumbai and Shanghai to Singapore and Sydney. Soaring oil prices and record-high inflation further dampened consumer sentiment.

Sales volume of private residential units in Singapore have slowed dramatically since 4Q2007 as sentiment took a beating, and prices have also started to soften. Property consultant CB Richard Ellis (CBRE) forecasts a correction in residential prices of 5% to 10% in 2H2008, "but that's likely to vary according to location, product type and target market", says Li Hiaw Ho, executive director of CBRE Research. In 1H, private residential prices inched up 3.9% (3.7% in 1Q2008, and 0.2% in 2Q2008).

"The market is very challenging," admits Wing Tai's Cheng. "But we're very confident that [despite] the fact that the financial crises in the US and Europe [have had] some impact on us, the Singapore government will be able to manage it well, as it has a proven track record after having weathered three previous crises.

"We're also very different from 1997/98 [Asian financial crisis] in terms of the banks' financials as well as [those of] our fellow developers and ourselves. If you look at our balance sheets, generally, we're all very much stronger."

Kim Eng's Liew is in agreement. In his July 11 report, he said: "Wing Tai has endured some difficult times in the last market trough in the earlier part of the decade. Since then, it has pared down its borrowings, with its net gearing improving from 1.4 times in 2002 to 0.5 time in 1H2008."

He notes that Wing Tai has been prudent with its financial management in the current cycle, and has accumulated its current landbank at relatively low prices in recent years without overstretching its balance sheet. In fact, the bulk of its freehold collective sale sites in the prime districts were purchased before collective sale prices hit fever pitch in 2Q2007. For instance, Phoenix Mansion in Cairnhill Circle (Helios Residences) and Belle Vue, on Oxley Walk, were acquired in late 2005; the former Newton Meadows (L'VIV) was acquired in May 2006; and Anderson 18 and Ardmore Point were acquired in January and March 2007 respectively.

The group's most recent purchase was the 99-year leasehold site in Alexandra Road that it won in a Government Land Sales programme tender with a bid of S$288.38 million, or S$639 psf of gross floor area. For its latest acquisition, Wing Tai partnered United Engineers in a 50:50 joint venture (see table).

"I guess we have grown up and become much more experienced in anticipating the market," says Cheng. "That's why when prices escalated sharply last year, we didn't pursue any sites except for the one in Alexandra Road."

He adds that the compelling reasons for buying the site were twofold: First, pricing was "very reasonable"; and, second, the location gave them the opportunity to create something unique to pitch at the upper middle class, that is, Cheng says, "something comparable to the projects in the Grange Road area in terms of quality and location, but even more attractive in terms of pricing".

The five sites, including the Alexandra site, that it acquired yields a total land bank of 1.4 million sq ft in gross floor area. Cheng declines to say when Belle Vue Residences, on Oxley Walk, and L'VIV, on Newton Road, will be launched. "We're watching the market... It's coming soon," he offers.

Building a brand for quality architecture

Cheng was actively involved in the design and layout of both projects right from the concept stage. "Architecture would be very superficial if it's just a beautiful building," he says. "We want to create a brand for ourselves, a brand that's associated with quality architecture — not just in its physical form, but also in terms of the experience of the residents living there."

Cheng engaged one of Japan's most acclaimed architects, Toyo Ito, as the designer for Belle Vue Residences. With a freehold site of about 250,000 sq ft, Cheng considers it "very rare" to come across such a sprawling freehold site in the heart of the Orchard Road neighbourhood. The 176-unit development is low-rise, with almost every unit enjoying a different layout "to maximise cross-ventilation, natural lighting, and views so that all the rooms — from the bedroom to the kitchen and the living room — look out to nature", says Cheng. "It's not the typical box with four walls that most apartments are today."

He is keeping the "Belle Vue" name, which was also the name of the previous development. "Many of the owners who sold their units to us through the collective sale were also the first-generation residents there," he explains. "It will be an opportunity for them to [remain] in this prestigious location and own a piece of timeless architecture for many generations to come."

Cheng, who has spearheaded the property development business in Wing Tai over the last 23 years, also recognised early on that familiarity with a particular location gives a developer an edge in choosing sites and the prices it is prepared to pay. "It's a gut feeling honed over years of experience, and it has also enabled us not just to add value to a site through our design concepts, but also to transform an entire neighbourhood," he says.

For instance, Belle Vue is in the Oxley Road/Penang Road enclave, where Wing Tai has been entrenched for close to two decades and owns a string of projects along the strip, including office towers like Winsland House 1 and II, serviced apartments Lanson Place Winsland Residences, and the 265-unit VisionCrest Residence at Oxley Rise.

In recent years, it has also divested some of its commercial properties in the area. For instance, in January last year, Wing Tai sold VisionCrest's commercial tower as well as the historic House of Tan Yeok Nee (currently leased to the University of Chicago Graduate School

CONTINUES ON PAGE 48

WING TAI

L'VIV is a 100-unit highrise condominium along Newton Road that combines resort living in an urban setting

OFFSHORE

Wing Tai's strength in transforming neighbourhoods

FROM PAGE 46

of Business) to German property fund, Union Investment Real Estate AG for S$260 million. Meanwhile, in July 2005, Wing Tai sold Park Mall, also along Penang Road, to Suntec REIT for S$230 million.

Capitalising on choice locations

The other project that is also "launch-ready" is L'VIV on Newton Road, a prime neighbourhood that Wing Tai is already familiar with, having developed Amaryllis Ville and Newton 18, two neighbouring projects several years ago. The 100-unit L'VIV located on the former Newton Meadows collective sale site is directly across the street from Amaryllis Ville. For the project, Wing Tai engaged Arc Studio, the architect renowned for its design of Pinnacle@Duxton, the first inner city HDB public housing development located in Tanjong Pagar.

At the high-rise L'VIV development, the design incorporates resort living into the apartments, including features such as outdoor baths. Apart from the swimming pool and other recreational facilities on the ground level, there will also be a recreational deck with a triple-volume ceiling and clubhouse on the 24th level so all residents "can own and enjoy a piece of the view", he adds.

Bukit Timah is also a location that Wing Tai is familiar with, having developed the 697-unit Maplewoods a decade ago, followed by the 443-unit The Tessarina, and the upcoming The Nexus, which is under construction. Further up Bukit Timah, along Dunearn Road, Wing Tai was the developer of the 220-unit Blossomvale and, at Duchess Avenue, it built the 251-unit Duchess Crest a decade ago.

"Understanding how a city develops also helps us identify up-and-coming locations," says Cheng. "When we first developed Maplewoods, people wondered why, because that part of Bukit Timah had just a stretch of car showrooms. But we felt that, in time to come, it would become a very important location.

"Now, the government wants to build an MRT station there, and the area has become more vibrant. And even though Maplewoods is 10 years old, it's still very well maintained and looks timeless."

In the last eight years, Wing Tai has also been moving into the traditional posh residential districts of 9 and 10 with the development of The Tomlinson, on Cuscaden Road, and The Grange, off Grange Road, (with MCL Land and AIG), both of which are fully sold.

In the pipeline, apart from Belle Vue Residences, are its two "crown jewels", the former Anderson 18 (in a joint venture with City Developments Ltd) and Ardmore Point developments in the prime Ardmore Park neighbourhood. "Those are my dream sites," says Cheng. "Of course, we're not going to roll them out all at once."

He adds, "As in life, the property market cannot always enjoy fair weather. But like the Tembusu tree [which is Wing Tai's logo], we have grown today, and we are quite strong and we know that we can weather this storm." E

Cecilia Chow is City and Country editor at The Edge Singapore

WING TAI

The 176-unit Belle Vue Residences will be a low-rise development designed by acclaimed Japanese architect Toyo Ito

Wing Tai's undeveloped land bank and developments in the pipeline

PROJECT	STAKE (%)	TENURE	GFA* (SQ FT)	ACQUISITION DATE	PURCHASE PRICE ($ MIL)	ESTIMATED BREAKEVEN COST ($ PSF)	ESTIMATED SELLING PRICE ($ PSF)	COMPARABLE PROJECT	SECONDARY MARKET (MEDIAN PRICE, $ PSF)
Belle Vue Residences	60	Freehold	346,655	October 2005	227.30	1,206	2,000	VisionCrest	2,050
L'VIV	100	Freehold	120,083	May 2006	73.00	1,209	1,800	Newton One	1,650
Former Ardmore Point	100	Freehold	169,490	March 2007	201.00	2,097	2,800	Ardmore II	2,804
Former Anderson 18	50	Freehold	313,974	January 2007	477.70	2,361	2,800	Ardmore II	2,804
Alexandra Road GLS^ site	50	99 years	451,428	December 2007	288.38	1,094	1,150	The Metropolitan	1,010
Total GFA of land bank			**1,401,630**						

**Gross floor area*
^Government Land Sales

KIM ENG JULY 11 REPORT, COMPANY DATA

Wing Tai stays local, but goes regional

Wing Tai's transformation from a garment manufacturer into a property developer and retailer has closely mirrored the development and fortunes of Singapore's economy over the last few decades. In fact, Wing Tai was established on Aug 9, 1963, two years before Singapore's Independence Day.

Having started as a garment manufacturer in Hong Kong in the 1950s and in Singapore in 1963, Wing Tai diversified into the retail and property development businesses when this country's economy moved from low-cost manufacturing to higher value-add manufacturing as well as services industries over the last two decades.

Today, Wing Tai's retail business represents more than 18 lifestyle brands like G2000, Dorothy Perkins, Karen Millen, and Topshop & Topman, and operates more than 180 outlets in Singapore and Malaysia. It is likely to expand its number of stores as new malls open along Orchard Road, such as ION Orchard and the new Mandarin Gallery at Meritus Mandarin Hotel. In July, it announced that the Topshop & Topman flagship store would be relocated in ION Orchard next year.

"Fashion and retail is a lifestyle business and trends keep changing," explains Edmund Cheng, deputy chairman and deputy managing director of Wing Tai Holdings. "But our brands are timeless."

Cheng believes that retail and property development are complementary businesses. In understanding people's tastes, affordability and buying behaviour in the retail business, Wing Tai is also better able to discern their lifestyle aspirations in terms of upgrading their homes and their preferences for certain locations, he explains.

Wing Tai ventured into real estate in 1978 and the company was listed on the Stock Exchange of Singapore in 1989. As at last Wednesday, its share price closed at S$1.58, with a market capitalisation of more than S$1.25 billion, after hitting a high of S$4 in June last year, according to Bloomberg. It's a far cry from its all-time low a decade ago in the midst of the Asian financial crisis, when its share price sank to under 39 cents in September 1998, after hitting an all-time high of S$4.33 in February 1997.

Realising early on that Singapore was going to be an important hub in the region, Wing Tai subsequently branded itself "Wing Tai Asia" and built its regional presence in the property, hospitality and retail businesses through its Malaysian-listed subsidiary **DNP Holdings**, as well as Hong Kong-listed associate **USI Holdings**, with a presence in both Hong Kong and mainland China.

Born in Hong Kong and a US citizen at one point, Cheng became a Singapore citizen in 1995/96. Armed with a Bachelor's degree in civil engineering from Northwestern University and a Master's in architecture from Carnegie Mellon University, both in the US, he first came to Singapore in 1979 and worked as an architect in one of the oldest local architecture firms, Architects 61, which is behind the design of luxury condos such as the Four Seasons, Cuscaden Residence and, most recently Newton One.

One of the last projects that Cheng was involved in before he left Architects 61 was 8 Shenton Way (formerly known as Temasek Tower and The Treasury), which he describes as "shaped like a stack of coins".

He then went to Hong Kong to work for Shui On Construction (part of Shui On Group, one of the leading property groups in Hong Kong and mainland China today) before returning to Singapore to join the family firm, Wing Tai, in 1985.

Elder brother, Wai Keung, 58, was appointed chairman and managing director of Wing Tai in 1985, while Cheng, 56, became deputy chairman and deputy managing director. According to an Aug 1 announcement, younger brother, Man Tak, 48, has been a non-executive director of the company since 1981. Meanwhile, Wai Keung's wife, Helen Chow, 57, has been the manager heading the property marketing division since 1975; and Kit Heng Wong-Cheng, 58, Cheng's wife, has been the manager in charge of the garment retail division since 1979.

However, the public face and official spokesman of Wing Tai has been Cheng. When he joined the company in 1985, Singapore was in the midst of one of its most severe recessions but, Cheng says, entering the property market during a downturn "was a good experience for me".

After experiencing three property cycles, he is "cautiously optimistic" about the current market slowdown. "Our mood is definitely much better [than it was during the Asian financial crisis]," he says. "The slowdown in the property market is a good thing as it allows us to consolidate because, last year, especially in 2Q, prices were going crazy; there was a new record price almost every week.

"No market can sustain that kind of run-up. I believe the downside is not as severe as that predicted by some people. Hopefully, there will be some gains in the future, but the adjustments over the next one to two years will be good for us."

OFFSHORE

London property shakeout

| BY PETER WOODIFIELD |


BLOOMBERG

London's Canary Wharf, part of the city's business landscape, may be hit by a property recession marked by the fall of office prices starting last year

London developers are adding the equivalent of 160 trading floors of office space in the main financial district in the next two years. Their timing couldn't be worse. Prices for offices in the City of London have plunged 25% since last August, the biggest drop since 1992, according to Investment Property Databank Ltd, and rents are declining for the first time in four years, says CB Richard Ellis Group Inc, which estimates rents may drop by a quarter by the end of next year. The commercial property market won't recover until at least 2013, says Mike Prew, a real estate analyst at Lehman Brothers International Europe in London.

UK property stocks have fallen by more than half since Britain introduced real estate investment trusts in January 2007. The shares may fall by another 23% by end-2009 as building values decline and the country slides into a recession, says Morgan Stanley analyst Martin Allen. He has the lowest price target of any analyst covering British Land Co, the biggest landlord and developer in the City.

"We don't have a supply problem, we have a demand problem," says Patrick Sumner, head of real estate securities at Henderson Global Investors in London, which owns £1 billion (RM6.2 billion) of property stocks. "Tenants are not going to take big decisions until things are clearer than they are now."

Big blocks of space

Developers are adding about 4.2 million sq ft this year, the biggest block of new space since 1991 when almost six million sq ft was built, just as the credit crisis roils financial firms and the economy. More than 20,000 workers may be fired in the City and Canary Wharf in the next three years, according to Prew. Firms have reported losses and writedowns of more than US$500 billion (RM1.7 trillion) from the collapse of the US subprime home loan market.

This year's total is more than the four million sq ft due in 2009 and 2010 combined, according to CB Richard Ellis and Jones Lang LaSalle Inc, the world's second-largest commercial real estate broker. Developers have yet to sign up tenants for most of the new space.

Traders typically occupy about 100 sq ft of space each, while other workers in the City take up about 150 sq ft each. There were just 330,000 sq ft, the equivalent of about six trading floors, of Grade A space available for immediate occupancy on March 31.

By 2010, the equivalent of another 120 trading floors for which tenants have yet to be found will have been completed, according to London-based realtor Drivers Jonas.

'Cheesegrater' delayed

The real estate shakeout is the worst for London since the commercial property recession of 1990 to 1992, when builder Paul Reichmann lost his fortune as creditors took control of Canary Wharf. Confidence is being shaken as developers delay or abandon projects and sellers get offers below their expectations, says Prew.

August alone has seen two projects falter. British Land said on Aug 14 it may postpone construction of the 600,000 sq ft Richard Rogers-designed office building on Leadenhall Street, known as the Cheesegrater, so that it won't open until 2012 or later. JPMorgan Chase & Co also abandoned plans for a 1.5 million-sq-ft office tower in the City and will build a new European headquarters in Canary Wharf.

Hammerson plc agreed to sell the Moorhouse office building on Moorgate for about £250 million. That was about 15% below the expected sale price, according to Property Week magazine. Hammerson spokesman Chris Smith declined to comment.

Taking a pause

Land Securities Group plc, the UK's largest real estate company by market value and also a landlord in the City, said on May 14 it may delay the Walkie Talkie tower, which also was due to be finished in 2011, until it can find a tenant.

"If we think a pause is the right thing, then we will do it," says Land Securities CEO Francis Salway. Leasing in the three months ended June 30 was 40% below the 10-year quarterly average of 1.2 million sq ft, according to Los Angeles-based CB Richard Ellis, the world's largest commercial real estate agent.

"There is a big overbuild — the rough numbers are about 5.5 million sq ft over the past 18 months — which is bringing prices down," says Prew. Effective rents have been cut 25% so far as City landlords give as much as 30 months of free rent on a 10-year lease, he says.

Wharf competition

A property recession will hit the City of London harder than Canary Wharf because it has more empty space to absorb at a time when tenants are looking to cut back.

Near the end of London's last commercial real estate recession in 1992 there were about 200,000 people in financial services-related jobs in central London. Last year that number reached a peak of 349,000 and is expected to fall back to around 330,000 by end-2009, little more than the 323,000 people employed in 2000, according to the Centre for Economic and Business Research.

Canary Wharf has lured banks such as HSBC Holdings plc and Barclays plc, which have their global headquarters there. Securities firms, including Citigroup Inc, Morgan Stanley and Lehman Brothers Holdings Inc, have their European operations on the 90-acre estate, now controlled by a group including Morgan Stanley and New York investor Simon Glick. A total of 90,000 people work there for financial companies.

Seeking skyscrapers

Former London Mayor Ken Livingstone, ousted in May after eight years, encouraged developers to build skyscrapers in the City to relieve pressure on space. In 2003, he announced plans to add as many as 15 towers by 2013 to protect existing green spaces and add affordable housing.

Critics say new tall buildings in central London should be confined to existing clusters and to Canary Wharf. Boris Johnson, the new mayor, endorsed that view last month in a consultation document that said he would "support tall buildings in appropriate locations".

Even as the City struggles with tighter lending and fewer tenants, British Land will next month complete the Broadgate Tower, which is about 42% leased. Others under construction include the 945-ft Pinnacle, more widely known as the Helter-Skelter, on Bishopsgate, and the Heron Tower. Another due to be built is the Shard, just outside the City.

The delay in starts on proposed office blocks where construction isn't under way may help sustain the market by preventing capital values and rents from falling further, according to Savvas Savouri, head of research at BH2, a brokerage that specialises in selling properties in central London.

'Bad economics'

"It's not like rents are spectacularly high or unsustainable," says Savouri. "The idea that rents will come crashing down is just bad economics."

Rents peaked at the end of last year at £65 a sq ft, the same level as in 1988. Adjusted for inflation, City office rents are 33% lower than in 1975, says Peter Damesick, head of UK research at CB Richard Ellis.

Rents have already fallen to £58.50 a sq ft and may fall to £50 by the end of next year, says Damesick. The availability rate in the City, which includes empty space and space under construction that hasn't been leased, will peak in the "mid to low-teens" within the next two years, compared with 8% at the end of the 1Q, he says. That compares with a high of 16% in 2003 and around 20% in the early 1990s.

Different cycle?

With the proportion of empty office space in the City about half what it was in 1990, larger landlords such as British Land and Hammerson, which is redeveloping the former London Stock Exchange building in Old Broad Street, may be better equipped to cope with the decline, says Simon McGinn, head of the property advisory team at the City of London municipality, in an interview.

"The feeling is, this cycle is different in a number of ways," says McGinn. "Vacancy rates are much lower than they were then, while at that time there was a lot of speculative development in expectation of banks starting operations in London."

Low interest rates may also help real estate investment trusts (REITs) better withstand the decline compared with the recession in the early 1990s, says JPMorgan Chase analyst Harm Meijer. UK interest rates at the start of 1990 were 14% compared with 5% now. Developers who are building without tenants lined up or with few commitments may be the most vulnerable, says Meijer.

Minerva deal

Minerva plc, the UK developer of two London office towers with less than 10% of space leased before completion, in July received a £258-million takeover offer from Limitless LLC, Dubai's state-owned developer.

Minerva's two largest developments, Walbrook and St Botolphs, are in the City. St Botolphs will have 560,000 sq ft when completed in 2010. Shares of Minerva have lost more than half their value in the last year on investor concern that Minerva could fail. The stock is now trading at almost 25% less than Limitless's offer of 160 pence a share.

Developers' shares have already fallen more during this slump than in the last one from 1990 to 1992.

Land Securities fell 17% in the same three years, less than half the 45% slump since the start of 2007. British Land has fallen 59% since the start of 2007.

"We expect UK property values, and hence property shares, to be dragged down by rent foreclosures on highly leveraged property vehicles and falling rents as the economy slides into recession," says Morgan Stanley's Allen. *— Bloomberg*

KENNY YAP/THE EDGE

Bangsar: Good value because the area has no competition from future commercial developments

Investing in shoplots

Finding the right commercial property is not as easy as shopping for a house

Twenty years ago, looking for shophouses or shopoffices with good potential was not easy and could be a hit-or-miss affair. But the lucky people who invested in places like Bangsar are now laughing all the way to the bank.

Fast forward to the present. Developers hand out glossy brochures that show great promise; organise satay parties to attract prospects (and free loaders); and attentive sales consultants tell you "a big-name retailer will be here". But before you take out your cheque book and pin your retirement hopes on a shophouse, there are important things you need to consider so that the investment does not become a financial nightmare.

Investing in commercial properties is a double-edged sword. Unlike condominiums and landed properties where the former usually give higher rental yield while the latter earn higher capital appreciation, rental and capital appreciation or depreciation for commercial properties rise or fall together, says James Tan, associate director of Raine & Horne International.

Also, compared to residential tenants, commercial tenants are likely to be less rent-sensitive if business is good because the tenant would lose business if he relocates. On the other hand, tenants would not come even if rentals are low but there is no human traffic. The performance of commercial properties is also more sensitive to economic performance compared to the residential sector.

The general rule is not to be swayed by the colourful brochures but to translate everything into ringgit and sen.

"Always do your homework," says Tee Lian Eng, who has been investing in commercial properties since 2004. "I spoke to the developer for three to four months before buying a place in Setia Walk [in Puchong]. One should also compare the potential returns to the rental that is being fetched in a comparable place."

Here's a guide to what your homework should cover:

Completed properties or off-the-plan?

There are mixed views on this. Says James: "When you buy shophouses, buy completed ones. I have come across many cases of poor investment. You do not know what the occupancy rate will be, or who is going to be the tenant next door. Of course, there are times when you buy from the developer, you will make tons of money. On hindsight, USJ10 [Taipan] did well because the commercial centre is surrounded by housing."

Tee offers another viewpoint: "Properties under construction carry higher risks but the returns are potentially higher. People who are not familiar with the market could consider buying completed properties. I go on a case-by-case basis. My recent purchases were properties under construction." In less than 1½ years, Tee was offered almost 100% more of the purchase price of a shophouse near Jaya Jusco in Bandar Bukit Tinggi. He says he prefers this to spending RM3 million on a shophouse in SS2, Petaling Jaya, and hoping for it to rise by the same percentage over the same duration.

Buy from a developer with a good track record

Buying from a developer with a good track record reduces risk. Says Tee: "Always look at the developer's background and track record. You have to look at value rather than price. You know some developers are committed, like S P Setia, which invested RM100 million in infrastructure before doing sales in Setia Alam. Some developers set a very low price but you might get inferior finishings or do not get car park lots."

On "rental guarantees", Tee says he is sceptical about them. "The guarantee is often not given by the developer but by a management company, which may only have RM2 share capital. And their contracts may be such that only they can get out and there may be hidden costs," he adds.

Existing human traffic is everything

Retail businesses in commercial properties need human traffic to support price and rental appreciation. This means being located within a few minutes of dense residential areas. Ask yourself, if you are the tenant or customer, would you want to go to the shop? And would the tenant make enough profit to cover the rental?

Says James: "It is best to go where banks, fast-food outlets and supermarket chains will be located because they would have done their homework."

Tee says a good location will attract quality tenants such as hypermarkets, which by themselves are crowd pullers. "Don't just look for shops that sell chicken rice, for example," he adds.

Henry Butcher Shopping Centre Consultants' managing director Tan Hai Sin says the residential catchment must be there by the time the shophouses are completed, not a few years later. "There is no market-driven guideline but I would say there should be 400 occupied houses to not more than 10 shops; 20,000 occupied houses to not more than 100 shops; and 100,000 occupied houses to not more than 500 shops."

Is there a glut of shophouses? Says James:

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LEE LAY KIN/THE EDGE

Tee: Always do your homework

MOHD IZWAN MOHD NAZAM/THE EDGE

Tang: Easy access important

Parking, residential catchment important concerns

FROM PAGE 52

"Any glut would be location-specific. Investors in Setia Alam's first phase made money but you have to look at the number of units now. The two front rows are occupied but the back is empty.

"In Ara Damansara, there are many commercial units but the occupancy rate is low. A friend of mine paid more than RM1 million for a unit but could only rent out the second floor for RM800. The surrounding houses are low density and spread out. It will take a few more years to be fully developed. The question is, are you prepared to wait and bear the holding costs?"

In addition to human traffic, there should also be a sizeable number of shops in the area to attract people.

Tang Chee Meng, chief operating officer of Henry Butcher Malaysia, says: "The commercial area should be big enough, meaning it should have at least 100 shops. If there are just two rows of two-storey shops, you should not expect to run any big business there… maybe just a launderette or grocer's to serve the local neighbourhood.

"SS2, for example, has a hawker centre and restaurants to attract traffic." Tang suggests that you could bring a retailer friend along to view the property. "Retailers have a better feel of the place and [they can] ask the right questions," he says.

Know the profile of residents

The socio-economic profile of residents determine the type of commercial tenants who would be keen to come in. "There is a correlation between income level and property prices because the higher-income group has a higher propensity to spend more. Bangsar shophouses, for example, fetch higher value than other places," says Hai Sin.

It is also important to see through perceptions. Says Tee, people may perceive places like Puchong to be lower-income areas but there are houses costing RM2 million there.

"Rich people come from different backgrounds and each race has its own tastes. A Chinese businessman may be okay with spending a few hundred ringgit on a meal in a Chinese restaurant but may think twice about buying a cup of coffee at Starbucks. If you do not have access to the demographic information, you can drive around and see how the houses are decorated, their gate designs and so on," says Tang. "You can also go to convenience stores to see what they stock up."

Easy access and convenience matters

Equally important is accessibility and the location vis-à-vis the residential areas. Says James: "Looking at the map, you will be able to see why USJ 10 [Taipan], for example, is doing well. They are right in the middle of so many neighbourhoods. So, before investing, you should look at the map to get a macro view. Even if the location is good, the micro location is also equally important. For example, people have to go one big round to go to some shophouses in Taman Megah. Naturally, activity is quieter there. SS2 is busy but the row along the police station is quiet. The most prime area of SS2 is the row where Maybank is located."

James says there should be several entry points. For example, SS2 has many more entry points than SS4.

Lack of parking spells inconvenience and discourages people from coming. Says Hai Sin: "Malaysians are very lazy; they want to park right in front of the place. For example, [the road in front of the] back-row shophouses near Atria in Damansara Jaya is narrow and has no parking. On the other hand, places like SS2 have four rows of parking in front of the shophouses."

Tang says the investor should check how the developer has addressed the parking issue, such as whether there will be a multi-storey car park (like in Taipan) or whether there will be a commercial complex with plenty of car park bays. Alternatively, the commercial centre should be well served by public transport such as an LRT station.

Future supply and competition

One should not forget future supply too. "The investor should find out what is the future supply of shophouses coming onstream. These are future competitors for tenants," says Tang. One reason for Bangsar's popularity, for example, is that there has been no additional supply of shophouses [nearby], observes James.

Buy prime units

While supply and demand could be uncertain, the best hedge would perhaps be to buy the "most prime" lot. "It's best to buy the most prime lot, located at a corner and facing the main entrance," says Tee. "I do not mind the premium. If only three out of 10 lots can be rented out, I hope mine is among the three. It's better to be able to collect rent than leave it vacant. If you have a good location, people will come to you."

Tang explains further: "Mainstream retailers prefer high visibility. Back-row tenants may be mom-and-pop types of shops or have lower budgets."

Designs and concepts that do not work

From the developer's design concept, you can see how they will add value. Developers do this to attract quality tenants. Says Tee: "I bought a shoplot in Setia Walk because I like the developer's concept."

"A central water feature, big lake and piazza and tree-lined boulevards are design trends in shopoffice developments," says Hai Sin.

Meanwhile, Tang adds that shops planned around a central landscaped piazza or fronting a lake are most ideal for food and beverage outlets but may not be so advantageous for other types of businesses. Some developers may be over-enthusiastic and try to be too "innovative". Says Tang: "Double-frontage shops do not work. Retailers usually need storage space or a kitchen, so they would close off one side. It is also difficult to take care of two entrances. Retailers prefer wider shop fronts rather than longer depths as they not only get better exposure, they can put up a more impressive shopfront to attract customers. Shops with 24ft frontages will be most ideal, although the minimum width should be 20ft."

Hai Sin says retail businesses that will pay more for shop frontages that are wider than 24ft include banks, car showrooms, bridal galleries and furniture showrooms. "Unless your shops are rented to these types of businesses, we find that 80% will not need such wide frontages," he adds.

"Expensive architectural designs help to uplift the image of the shop offices. But retailers pay rental according to the sales turnover. In locations where the population is not large enough and purchasing power is lower, retailers will not pay higher rentals just because the shops are 'nice looking'."

Another problem is maintenance. Tang says, for example, the area behind shopoffices may have a garden for aesthetic reasons, but it has no value if it is not properly maintained. "To determine who maintains the common area of a shopoffice, you have to look at the title, whether it is an individual or strata title. The maintenance is left to the title owner or strata owner," he adds.

ABDUL GHANI ISMAIL/THE EDGE

James: Buy completed units

KENNY YAP/THE EDGE

Hai sin: Residential catchment must be there

According to James, projects with boom gates do not do well. It psychologically discourages people from driving in. He also does not encourage people to buy a shophouse that requires customers to negotiate a number a steps.

Tang says developers now realise that shops with too many floors are not easy to sell or rent out. As such, the trend is to go for two or three-storey shops. In areas where there is potential for offices, it is good to have a lift to attract people. E

This article first appeared in the May 2008 issue of Personal Money

Foreign briefs

iProperty acquires Taiwan property web listings

The iProperty.com Group, owner of Asia's leading network of property portals, has acquired a controlling stake in Info-Portal Tech International Co Ltd, owner of VRHouse.com.tw — the top property buying website in Taiwan. Info-Portal Tech International is based in Taipei and operates Chinese language-based websites. Around 225,000 unique users view and use VRHouse.com.tw's property listings and services each month. The iProperty.com Group recently launched the first regional luxury property website, iLuxuryasia.com.

Asian markets feel global pinch

Asia is starting to feel the effects of global uncertainty in the property and capital markets, reports DTZ Research. The transaction value of commercial real estate across Asia-Pacific fell in 2QFY2008 by more than US$2 billion (RM6.78 billion), or 10%, from 1QFY2008. Compared with 2007, it is significantly down — almost US$15 billion, or 43% — from the peak in 3QFY2007. But activity is still well above the long-term average for the region and is expected to remain strong. DTZ does not expect to see a big decline in activity or values that other markets around the world have experienced, especially in the US and the UK. Many international investors are looking to Asia as the engine of growth over the next 18 to 24 months. Transaction activity in the four largest markets of Tokyo, Singapore, Hong Kong and Australia has slowed markedly over the past three quarters — from US$27 billion to US$15 billion. Australia is down 86% from the 3QFY2007 peak. India has declined from US$2 billion in 1QFY2008 to under US$900 million in 2QFY2008.

Centro reports US$299m loss

Centro Properties Group, the Australian owner of 650 US malls, reports that the unit managing US assets bought last year for US$5.2 billion (RM17.6 billion) has posted a 2Q net loss of US$299 million. According to Bloomberg, the unit booked a US$95 million charge for writing down properties and a US$173.5 million impairment in the company's goodwill and the value of its property management business. Centro's US properties have lost 8.8% of their value amid slowing retail sales and a potential recession. The company last December was unable to repay borrowings and has since won five reprieves from lenders on repayments for up to US$5.8 billion in debt.

Financial firms line up to bid for Japan's failed Urban Corp

Bloomberg reports that Merrill Lynch and other overseas financial companies might bid to buy failed Japanese real estate developer Urban Corp to obtain its US$4.4 billion (RM14.9 billion) of assets. Up to 10 potential investors have asked Urban to be included in the bidding process. Urban filed for protection from creditors on Aug 13, with debts of US$2.3 billion — the largest bankruptcy among listed companies in Japan this year. The Tokyo District Court will select a buyer by November. Bankruptcies among property companies in Japan more than doubled to 60 in July from 27 a year earlier.

New record price for land-use rights in Shanghai Luodian New Town project

China New Town Development Co has announced the completion of the sale of land-use rights of the residential development land parcel at its Shanghai Luodian New Town project. The sale set a new record selling price of around 4,630 renminbi (RM2,292) per sq m in terms of gross floor area — 8.9% more than the price two weeks ago and 25% above the price achieved in January. The 29,966 sq m (322,560 sq ft) site was handed over for public listing on July 14. It is the third land plot from the Luodian project this year. — *The Edge Singapore* E

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