

COVER STORY

Kampung Attap

a repeat of KLCC's success story?

BY VASANTHA GANESAN

A 70-acre site within Kampung Attap, Kuala Lumpur, encompassing Jalan Belfield, Jalan Hose and Jalan Talalla, appears to have caught the attention of a least four developers, which will collectively build offices, shoplots and some 2,500 serviced apartments. Tycoon Tan Sri Syed Mokhtar Albukhary and the late Tan Sri Lim Goh Tong's family have plans for mixed-use development projects in Jalan Belfield, which is located less than 2km from the proposed Menara Warisan Merdeka (project name: KL118) undertaken by Permodalan Nasional Bhd (PNB). Two other players that will join in are listed companies Salcon Bhd and Bina Puri Holdings Bhd. Together, the projects are expected to cover 20 acres (see map).

Property players say a combination of factors is driving developers to this area. "Scarcity of land in the KL Sentral area and infrastructure improvement in and around the location (Kampung Attap) have led to interest. This, coupled with high land prices in other locations, could have been the push factor. The pull factor would be faster approvals by DBKL (Kuala Lumpur City Hall) after the relocation of the palace," ZerIn Properties CEO Previn dran Singh tells *The Edge*.

Stanley Toh, director of valuation and real estate consultancy firm LaurelCap Sdn Bhd, agrees that scarcity of land is driving developers to Kampung Attap, which, incidentally, comprises largely government land. "This area is one of the last in KL that is still undeveloped. Recently, it became a strategic location due to new mega developments in the neighbourhood, such as the Menara Warisan Merdeka project, the redevelopment of Pudu Jail (Bukit Bintang) and the mass rapid transit station in Jalan Maharajalela, as well as its proximity to KL Sentral."

He adds that the emergence of Menara Warisan Merdeka — it will be the country's tallest building when completed — will see history repeat itself, just like when the then world's tallest structure was built in Kuala Lumpur city centre. "When the Petronas Twin Towers/KLCC was constructed in the 1990s, the entire world started to know its location. The surrounding areas have benefited — property prices skyrocketed, and until today, foreigners are only comfortable investing in areas close to KLCC. I see a very similar occurrence with Menara Warisan Merdeka, and it is clearly evident in the number of proposed developments in the vicinity."

Salcon (fundamental: 2.1; valuation: 3), too, appears to be banking on a repeat of the KLCC success story in Kampung Attap. Its executive director Datuk Eddy Leong describes Menara Warisan Merdeka and the planned infrastructure/transport upgrade as the "new epicentre of growth in KL". The company plans to build offices, retail units and serviced apartments in Kampung Attap.



THE EDGE

Scarcity of land has led to interest in Kampung Attap." — Previn dran



SHAHRI N YAHYA/THE EDGE

Kampung Attap has become strategic due to new mega developments in the neighbourhood." — Toh



KENNY YAP/THE EDGE

Land prices in Kampung Attap are considerably cheaper." — Tee



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Warisan Merdeka Tower is the new epicentre of growth in Kuala Lumpur." — Toh

"Menara Warisan Merdeka will be another iconic development not only for Kuala Lumpur but also for Malaysia. We expect it to have the same effect [that] KLCC has on the surrounding properties," Leong says.

PNB Merdeka Ventures Sdn Bhd is constructing the 118-storey building, which will feature 80 floors of office space and five floors

of serviced apartments. Thirteen floors will be allocated for a hotel. This project will include an eight-storey retail podium.

Sources say a two-level tunnel, named Belfield Tunnel, will link the fourth and fifth basement floors of the building to Kampung Attap, thereby bringing the areas now separated by Jalan Maharajalela closer.

PICTURES BY SUHAIMI YUSUF/THE EDGE



Cheaper land, good take-up

Bina Puri (fundamental: 0.15; valuation: 1.8) appears to be the first among the four developers identified with projects in Kampung Attap, to launch its project, as it has obtained the necessary approvals. Called Opus Kuala Lumpur, the project is in Jalan Talalla and its official launch is slated for the first quarter of this year.

"Land prices here are considerably cheaper. This allows for an upside for the purchasers, as opposed to the KLCC area where developers have to sell at RM1,500 psf and above to be able to make reasonable profits due to the high land cost," says Bina Puri group executive director Matthew Tee Kai Woon, who refers to Menara Warisan Merdeka as "another new landmark instead of KLCC".

LaurelCap's Toh says there has been no known recent vacant land transaction in the vicinity. Hence, land prices should typically be around RM300 to RM500 psf for residential use and RM500 to RM700 psf for commercial use.

Salcon's Leong is confident that the company's project will bring good yield and give it a big boost in the property scene. "The take-up rate is anticipated to be good due to its central location and close proximity to public transport — there will be two MRT stations (Pasar Seni and Warisan Merdeka), a light rail transit station (Pasar Seni) and a monorail station (Jalan Maharajalela) in the vicinity, which will be convenient and attractive to tenants and patrons alike."

A development boost in and around Kampung Attap

Again, because of the scarcity of land and anticipated improvement in the infrastructure, Kampung Attap is expected to welcome more property players in the near future, and with this, nearby areas will be developed, rejuvenated and refreshed.

According to Toh, apart from the tract within the triangle of Jalan Kampung Attap, Jalan

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KAMPUNG ATTAP AND THE AREAS SLATED FOR DEVELOPMENT

Developers with first-mover advantage

A LGT SDN BHD

LGT Sdn Bhd, linked to the family of the late Tan Sri Lim Goh Tong, is planning a mixed-use development — LGT Green — comprising three blocks on 4.5 acres of freehold land in Jalan Belfield. LGT and Genting Highlands Bhd are said to be collaborating with f3 Capital Sdn Bhd on this high-end project. f3 Capital has been appointed a development partner in charge of marketing, sales and execution of the project while Genting Highlands is the project manager.

The directors of LGT are Datuk Lim Chee Wah, Tan Sri Lim Kok Thay and f3 Capital CEO Vignesh Naidu. The shareholders are Kok Thay (34.82%), Chee Wah (16.98%), Ripponlea Sdn Bhd (16.77%), Dandenong Sdn Bhd (16.14%) and Yarraville Sdn Bhd (15.29%).

LGT's submission dated Oct 16, 2014, to Kuala Lumpur City Hall (DBKL) shows that it plans to construct two office blocks of 33 and 43 storeys above a podium, dubbed lifestyle hub, and a 46-storey serviced apartment block.

The project is named LGT Green because Jalan Belfield is in a green area. LGT plans to obtain a Green Building Index (GBI) Gold certification for one block and GBI certification for the other blocks.

B BINA PURI HOLDINGS BHD

Bina Puri Holdings Bhd, through Star Effort Sdn Bhd, is developing a project called Opus Kuala Lumpur in Jalan Talalla, which includes two 36-storey blocks with 458 serviced suites.

Bina Puri group executive director Matthew Tee Kai Woon expects the developer's licence to be approved this month. He adds that the foundation work has started, with more than 80,000 cubic metres of earth excavated. The piling contract has also been awarded.

The project will cover three parcels of land that total 1.26 acres. In an announcement to Bursa Malaysia in 2012, Bina Puri said the total development cost is RM300 million and the estimated profit before tax is RM78 million.

"Response has been good. One of the blocks has been fully booked," says Tee.

In 2012, Bina Puri acquired Semarak Semarak Sdn Bhd for RM25 million. The latter has a 95% stake in Star Effort, which has the rights to the land. The remaining stake is held by one Hoong Leng Wai.

C PERSPECTIVE LANE (M) SDN BHD

Perspective Lane (M) Sdn Bhd, linked to Tan Sri Syed Mokhtar Albukhary, has applied to DBKL to convert the land use from residential to commercial. It plans to demolish 13 government quarters on the site that *The Edge* has identified to be the Jalan Belfield/Jalan Hose area.

While the size of the parcel is not known, sources say it could take up about nine acres.

Perspective Lane obtained conditional approval for the proposed mixed-use development from DBKL on Oct 21, 2014. Components of the project include a 41-storey block with 306 serviced apartments and a five-

storey block with retail and office space and a landscaped rooftop.

Perspective Lane is wholly owned by Restu Jernih Sdn Bhd. The directors of Perspective Lane are Tan Sri Syed Mokhtar Shah Syed Nor, Mohd Shariff Lubis Mohd Ghazali Lubis and Tan Sri Mohd Khamil Jamil. As at Sept 9, 2014, the company owned 84.91% of Tradewinds (M) Bhd and 65.85% of Tradewinds Corp Bhd. As at March 6, 2014, there was a RM3 billion charge on Perspective Lane's assets by Maybank Investment Bank Bhd.

D SALCON BHD

Salcon Bhd, through its wholly-owned subsidiary Salcon Development Sdn Bhd, has a 70% stake in Prestasi Kemas Sdn Bhd, which will undertake a mixed-use development project in Jalan Belfield, Kuala Lumpur. Salcon bought the stake for RM13.5 million. The remaining stake is held by one Ding Pei Chai.

In 2006, Prestasi Kemas entered into a joint-venture agreement with the Malaysian Red Crescent Society (MRCS), whereby the latter will lease a parcel of land in Jalan Belfield to Prestasi Kemas, allowing it to develop serviced apartments, offices, doctors' suites, condominiums, restaurants, car parks, a hotel, convention centre and amusement garden on it. Six years later, a second agreement saw MRCS grant Prestasi Kemas a 70-year lease on the land, starting from July 2013.

Salcon executive director Datuk Eddy Leong says the company is finalising the development concept for the project, which will sit on 5.35 acres in the vicinity of the MRCS headquarters. To be developed in three or four phases, the project is expected to be completed in 2022.

If a submission by Prestasi Kemas to the authorities is anything to go by, the development will comprise a 21-storey office block and two serviced apartment blocks (32 storeys with 172 units and 34 storeys with 244 units). A seven-storey podium, comprising one floor of shops and six floors of car park, is also planned. A subsequent phase will feature a 36-storey block with 246 serviced apartments and a 41-storey tower with 320 units above an eight-storey podium, which will comprise shophots, parking bays and a lobby. — By Vasantha Ganesan