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A close-up photograph of a hand stacking yellow letter tiles. The tiles are arranged to spell out the word 'BANKING' vertically. The tiles are slightly offset, creating a sense of depth and movement. The background is dark, making the yellow tiles stand out.

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RIDING HIGH WITH IVORY

Niche player is making waves in Penang's property market

By Cheah Chor Sui



Relatively unheralded Ivory Properties Group has been the talk in town among the real estate fraternity of late for having amassed a Gross Development Value (GDV) of RM3.4 billion solely from its Penang home base a mere 10 years after its inception.

The GDV figure is outstanding on two fronts – (i) it is derived solely from projects within one location, hence unleashing the potential of Penang's property sector and (ii)

Penang Times Square: Ivory Properties' landmark project in the heart of historical George Town (along Jalan Datuk Keramat)

it will evoke awe from the more established Kuala Lumpur-based "big boys" who have come to open shop in Penang, only to find it difficult to make clear-cut inroads.

Datuk Low Eng Hock, Ivory Properties' Group Managing Director, attributes the high flying traits to the fact that his company is a full-fledged developer that is capable of recognising and enhancing the value of projects it sets its sights on.

At RM1.1 billion, the Penang Times Square (PTS) in the heart of historical George Town (along Jalan Datuk Keramat) is to date Ivory Properties' biggest GDV contributor. The flagship project was conceived "by chance" in 2005 when landowner Escoy Holdings Bhd was having difficulty disposing its 5.3-hectare site, which once housed Escoy Smelting Sdn Bhd, one of the world's largest and country's oldest smelting operations.

'We have no intention of buying the land for it sits on a buffer heritage zone' Low tells *Malaysian Business*. 'But out of curiosity, our in-house planning unit initiated a detailed study on development prospects and came out with some interesting findings.'

No regret

The development cost seemed exorbitant for a small property player until the landowner summoned Low to London for a discussion, which the former assured that Low "would not regret making the long-haul trip."

'After three-days of lengthy discussion, the landowner tabled an offer that was hard to resist – pay RM2.2 million upfront as initial payment with the actual transaction price for the land to be determined by what could be developed subject to the approval of the local council,' recalls Low.

Such a highly-flexible deal was indeed rare. It gave Low and Ivory Properties ample time to fine-tune its development plan to meet the parameters drawn by the authorities and more importantly, to look for financiers.

A year into the London encounter, a deal was firmed up and the land title exchanged hands at RM67.5 million, thus paving way for the Penang Times Square project – the second largest of Times Squares in terms of built-up area after New York Times Square. Today, the value of the acquisition would have spiralled to beyond RM200 million.

Boasting a GDV of RM325.8 million, Phase One of the Penang Times Square – dubbed Birch the Plaza – commenced in 2005 and was completed three years later. It comprises 417 condominium units and 179 retail lots housed in a shopping complex, which is currently 70% occupied with the Sunshine City lifestyle concept store and supermarket as the anchor tenant.

Dubbed the Birch Regency, Phase Two of the Penang Times Square project stands 21 storeys above the commercial podium adjacent to Birch the Plaza. Covering a land area of 1.12-ha and boasting a GDV of RM308.4 million, this phase entails 359 condominium units (priced from RM393,800 onwards for condominiums and RM775,800 onwards for penthouses) and 125 retail outlets.

Enhancing value

Looking back, Low points to value enhancement as an area that Ivory Properties possesses core expertise in. Following its inception in 1999, the company embarked on a joint venture with Tanjung Tokong Garden Development Sdn Bhd to develop the



Low: The Penang Times Square project was conceived "by chance" in 2005

Tanjung Park condo-cum-townhouse project.

The landowner had wanted to part with the land after failing to push for its development, but could not find a suitable partnership that could enhance the value of the land and to plan a sustainable development given a host of complexities standing in the way – the most tedious being compensating squatters who were unwilling to move out but demanded a big amount of compensation.

'We stepped in, analysed the original design concept, and submitted a counter proposal that could double the return and also to solve the squatters' compensation with a win-win solution,' notes Low.

Commenced at the time of the Asian financial crisis in mid-1999, Tanjung Park saw its development value appreciated by as much as 40% upon its completion in 2003 to the extent that the shareholder of Tanjung Tokong Garden Development has become the shareholder/director of

Ivory Properties.

"There was a windfall for every stakeholder. More importantly for Ivory Properties, we have found a niche area to grow our business," stresses Low. From what was deemed an unfeasible project, the GDV of Tanjung Park stood at RM103.3 million comprising 285 units of condominiums and 14 townhouses.

Rescue

Aside from merely enhancing project value, Ivory Properties has also shown its capability to rescue abandoned projects. The most notable was that of Fettes Villa – a low and medium-cost apartment project in the Mount Erskine/Fettes Park vicinity – where its developer Gewaris Sdn Bhd was under liquidation whereas 75% of the proposed units had been sold with each buyer having forked out deposits of between 10% and 20% of the purchase price of their units.

As a white knight had been sought but nobody came forward, the Malaysian Building Society Bhd (MBSB) –

the project's financier – turned to Ivory Properties on the possibility of reviving the project. Earlier, Ivory Properties had impressed MBSB with its ability to turn around the View Twin Towers project in Batu Uban – a project which initially was difficult to market due to unavailability of a proper access road and problem of squatters' compensation.

"We managed to convince both the MBSB and the buyers to transform Fettes Villa into an exclusive condominium project, hence elevating the original GDV of the project by between RM80 million and RM100 million to the present value of RM415.7 million," explains Low.

To be renamed The Peak Residences, the project to be developed on 5.48-ha land was so well-received that 100% of the non-bumi lots were sold out within two months of the soft launching.

Phase One will comprise three (38-storey) blocks with 609 units of condominiums and 30 units of two-storey commercial lots while Phase 1A will comprise one (35-storey)

block with 564 units of low-medium cost condominiums. Phase Two will comprise two (38-storey) blocks with 292 units of condominiums and eight units of four-storey shop office.

Moving forward, Low who hails from a family with construction background, aspires to propel Ivory Properties beyond its "rescue mission". To do so would require massive capital expenditure, which can mean a handicap for a private limited company such as Ivory Properties.

"It's a pity since you know you have the capabilities, but your hands are tight because of financial reasons. Worst still at the end of the day, you know you could have brought about a win-win situation for all parties – the landowners, buyers and even the state government," enthuses Low.

Towards this end, Ivory Properties is undertaking an initial public offering (IPO) exercise as a means to raise capital required for its expansion to realise its full potential in the longer term. **hnp**

> **Value enhancement:** Ivory Properties has successfully enhanced the overall value of the Tanjung Park project



The Peak Residences (artist impression). <

