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Crest Builder to bid for more government land projects

BY **KAMARUL AZHAR**

Construction and property player Crest Builder Holdings Bhd will continue to bid for development projects on government land, unperturbed by the more than two-year delay in developing such projects in Jalan Dang Wangi and Jalan Ampang, Kuala Lumpur, and Kelana Jaya in Petaling Jaya.

Joint ventures with government agencies that hold the land will give Crest Builder entry into prime and strategic plots at a low cost, enabling it to expand its property development business, says managing director Eric Yong Shang Ming.

"Provided the location of the land is good, I will look at it. We are eyeing quite a few such plots," says Yong in an exclusive interview with *The Edge*.

Crest Builder is among the few companies that entered into agreements with Prasarana Malaysia Bhd to develop transit-oriented developments (TOD) on the latter's land along light rail transit lines, the monorail and LRT depot in 2012.

Other companies that have secured TOD developments with Prasarana include Bina Puri Holdings Bhd and TRC Synergy Bhd. Bina Puri was awarded a contract to de-

velop a 4.61-acre parcel in Brickfields, next to the Tun Sambanthan monorail station, while TRC Synergy will undertake a commercial-residential project near the Ara Damansara LRT station.

At the time, Prasarana targeted to monetise its land bank on and along the LRT and monorail lines and expand its non-fare revenue to 30% by this year. This is similar to Hong Kong's MTR Corp and Singapore's SMRT Ltd's business model.

The first TOD project that Crest Builder and its partner Detik Utuh Sdn Bhd secured was a mixed-use development on top of the Dang Wangi LRT station. Prasarana has a 21.2% share of the total gross development value (GDV).

The Dang Wangi TOD project, called Latitud8, will comprise a boutique transit mall, open offices, small office/home office residences and a rooftop entertainment lounge. It has a GDV of RM1.2 billion.

However, it took Crest Builder about two years to convert the land status from a 60-year lease to Prasarana for the purpose of operating a rail public transport system to a 99-year lease.

The agreement with Prasarana was finalised in 2015 and by 2016, Crest Builder had started strengthening the underground

structure of the LRT station. The base retail structure was completed in 2017.

"We were among the first companies to be awarded a TOD development project with Prasarana. Therefore, a lot of the processes — especially to convert the land status — were not smooth.

"Now that we have learnt from the experience with the Dang Wangi LRT TOD, the processes will be much smoother if we secure more TODs from Prasarana," says Yong.

Crest Builder soft-launched Latitud8 internationally in Hong Kong, China and Taiwan, which saw 35% the residential units booked. Due to the current soft property market, the local launch has been pushed till later this year.

Besides the Dang Wangi LRT TOD, Crest Builder has also secured the redevelopment of the Kelana Jaya LRT station. It has signed the joint land development agreement with Prasarana, which will get a 24.8% share of the GDV.

The project will comprise mini retail lots, a corporate tower and two residential towers with a GDV of RM1 billion. The redesignation and realienation of the land, plus the re-zoning by the Selangor government are ongoing, says Yong. The project was secured by Crest Builder in late 2013.

"Based on the feedback obtained from the local authorities, we expect all the clearances to be resolved and cleared this year and we expect to commence the submission of the development order in 2018 as well," says Yong.

Besides the TOD projects with Prasarana, Crest Builder also has a project with the Malaysian Rubber Board (MRB) in Jalan Ampang.

In 2012, Landasan Bayu Sdn Bhd, Crest Builder's 51:49 joint venture with Tindakan Juara Sdn Bhd, secured a deal for the redevelopment of the MRB land in Jalan Ampang. However, the project has yet to take off due to lengthy negotiations with the landowner, says Yong.

The building plan is still under evaluation by Kuala Lumpur City Hall.

The project, called Elevat8, will comprise a 28-storey corporate tower — as payment in kind to MRB — and three 45-storey residential towers on top of double-storey shoplots, with two levels of basement parking. It has a GDV of RM1.33 billion.

To replenish its land bank, Yong says the group is also looking at the government's land swap model, in which strategically located parcels are transferred as a consideration for construction of its facilities.

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Looking at land swap deals too

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In fact, Crest Builder is currently negotiating a land swap deal in Kepong worth RM400 million, says Yong. The land is located in Kepong Metropolitan Park, part of which is under water.

While negotiations on the construction contract are still ongoing with the Ministry of Home Affairs and the Royal Malaysian Police, Crest Builder already has a vision of the type of development that would be suitable for the site.

The market in Kepong is ripe for middle-high cost high-rise properties, says Yong.

On the MRB land development, Crest Builder set up a special-purpose vehicle on Oct 16 last year, called K L Waterfront Development Sdn Bhd, in which the group has a 51% stake. The rest is owned by its partner for the MRB land, Tindakan Juara.

A check with the Companies Commission of Malaysia shows that Tindakan Juara is owned by the wife and children of Datuk Seri Tajuddin Abdul Rahman, Deputy Minister of Agriculture and Agro-Based Industry and Member of Parliament for Pasir Salak.

Tajuddin's daughter, Sri Rahayu Ta-

juddin, his wife, Datin Seri Rohkiah Abd Samat, each have a 35% stake while the rest is owned by his son Firdaus Tajuddin.

Sri Rahayu also holds a 40% stake in Detik Utuh, which in turn holds 49% equity interest in the joint venture for the Latitud8 project in Jalan Dang Wangi.

For the financial year ended Dec 31, 2017, Crest Builder reported a jump in net profit to RM29 million, from RM15 million in the preceding financial year, on the back of a 76.8% increase in revenue. The board has announced a dividend per share of 4% for the year.

The group currently has a construction order book of RM1.8 billion, which will last it for about 2½ years. Crest Builder is targeting a yearly contract replenishment value of RM500 million, and has put in tenders for RM3 billion worth of projects.

Closing at 92 sen last Thursday, Crest Builder had a market capitalisation of RM157 million.

The Yong family owns a 39.03% stake through SC Holdings Sdn Bhd. **E**