

Ireka to launch KL prime land project in 2011

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KUALA LUMPUR: Ireka Corp Bhd is targeting to launch in 2011 the development of a high-end residential project in Jalan Kia Peng in the vicinity of the KLCC area after announcing last Friday that it was acquiring a parcel of prime land there from parties related to tycoon Tan Sri Robert Kuok.

Ireka is acquiring the 43,559-sq ft land from vendors Selina Kuok Chiu Hoon, Kim Kuok Strickland (formerly known as Kuok King Hoon Kim) and Farah Azman for RM87.12 million.

Ireka, together with Aseana Properties Ltd, plans to develop a block of high-end residences on the land with a net sellable area of about 212,650 sq ft and a gross development value (GDV) of about RM272 million. Gross profit margin is estimated at about RM58 million.

Ireka has entered into a memorandum of understanding with Aseana to jointly develop the land on a 70:30 basis.

Ireka chairman Abdullah Yusoff told *The Edge Financial Daily* the acquisition was timely given the return of confidence in the real estate sector, albeit at a slow momentum.

"The KLCC area will always be the country's most exclusive address and an international real estate investment destination.

"We believe that small-to-medium sized upmarket serviced residences will appeal to the growing cosmopolitan lifestyle of local urban Malaysians and foreigners who desire to live near the KLCC park and one of the most famous landmarks in the world, the Petronas Twin Towers," he said last Friday after the announcement.

Abdullah added that having Aseana as a joint-venture partner enhanced the value of the project due to the latter's track record in high-end property development.

Ireka said the RM87.12 million purchase price put the acquisition

in line with recent Kuala Lumpur land deals, at RM2,000 per sq ft, but represented a 4.3% discount to its market value of RM91 million.

The freehold land was previously occupied by a two-storey bungalow that housed the Top Hat Restaurant, and is now tenanted and utilised by a car park operator.

Ireka owns a 23% stake in Aseana.

The former had injected some of its property assets into Aseana pursuant to the latter's listing on the Main Market of the London Stock Exchange. Ireka is Aseana's exclusive property manager.

Ireka said the latest land acquisition would raise the group's total borrowings to RM222.77 million from RM161.77 million as at Sept 30, and raise its gearing ratio to 0.93 times from 0.68 times.

However, it said the gearing would likely reduce upon the formalisation and implementation of the joint venture with Aseana.