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Bina Puri set to launch property projects worth RM2.5b in GDV

Group ED Tee says projects mainly in Klang Valley and Sabah to contribute positively to earnings

by JOHN GILBERT

INTEGRATED property developer Bina Puri Holdings Bhd (BPHB) will be working on property projects worth RM2.5 billion in gross domestic value (GDV) over the next five years.

Group ED Matthew Tee Kai Woon said the projects will be mainly in the Klang Valley and Sabah, and will contribute positively to earnings.

"As at May 30, 2013, we have a strong unbuild order-book of RM1.68 billion and with the property development projects which we are planning to launch over the next five years, would improve the earning visibility of our company," he told fund managers at a briefing in Kuala Lumpur yesterday.

Rivo City, the company's joint venture mixed development with Syarikat Prasarana Negara Bhd in Brickfields, is



Tee (left) and Bina Puri Group CFO David Lee speaking to the media after briefing fund managers in Kuala Lumpur yesterday

Pic by Ismail Che Rus

expected to start construction next year.

"We are finalising the method to finance the development because the concept of this project is quite unique as Prasarana does not allow us to charge the land," Tee said.

The RM1.29 billion Rivo City mixed development project is the result of BPHB's public pri-

vate partnership deal with Prasarana, the assets owner and operator of the Klang Valley's light rail transit, monorail and public bus services.

The contract was awarded in April this year to Bina Puri Construction Sdn Bhd, a wholly owned subsidiary of BPHB and will be managed by Prasarana Integrated Development

Sdn Bhd (Pride).

Pride was established in January 2013 as part of a major restructuring exercise by Prasarana to generate more revenue from the non-fare business sector in order to help sustain the operations of rail and bus services and reduce the company's dependence on government support.

Touching further on Rivo City, BPHB ED We Her Ching said the land on which the project is being developed, is owned by Prasarana while BPHB's job scope for the project is to develop, market and sell the property.

"The selling price for the commercial portion of Rivo City will be between RM700 and RM900 per sq ft and we are also planning to build a new access to the area from the Federal Highway as a selling point for the project," he said at the same event.

As for other property projects, BPHB has established a footprint in Sabah with the RM61 million Jesselton View project and RM84.6 million One Jesselton project, both are in Kota Kinabalu and in the pipeline.

Touching on Kuala Lumpur International Airport 2 (KLIA2), Tee said an appeal for a further extension could incur liquidated and ascertained damages which may be imposed by Malaysia Airports Holdings Bhd.

He said the completion of the entire KLIA2 project is expected to be completed by the fourth-quarter of this year.

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KLIA2 may be delayed more than 6 months

THE opening of the Kuala Lumpur International Airport 2 (KLIA2) could be delayed by more than six months, says Alliance Research Sdn Bhd.

"Even though the terminal building is expected to be completed within two months, we believe the delay in the opening of KLIA2 could be more than six months.

"...As such we believe KLIA2 may only commence its operations by the end of the first-quarter of 2014," said Alliance Research in a research note.

Malaysia Airport Holdings Bhd (MAHB) had said earlier that it is seeking the approval of the government to extend the tenure of its concession from 25 years to 60 years.

"Without any change to the remaining tenure of the existing concession agreement, MAHB's financial year 2014 earnings will be significantly affected by higher depreciation and amortisation charges upon the completion of KLIA2," it said.

"Assuming an extension of up to 60 years, our back of the envelope calculation suggests that MAHB's financial year 2014 earnings could increase by about 28%."

Against this backdrop, Alliance Research reiterated its 'Neutral' rating on MAHB with an unchanged target price of RM5.90. — *Bernama*

▶ MAHB maintains LAD penalties

MALAYSIA Airports Holdings Bhd (MAHB) said that liquidated and ascertained damages (LAD) will still be imposed on contractors who have breached contractual obligations in the construction of the Kuala Lumpur International Airport 2 (KLIA2). The company said this in response to queries by *Bernama* on remarks by Bina Puri Holdings Bhd's ED Matthew Tee Kai Woon that the UEM-Bina Puri consortium will not have to pay LAD to MAHB for the delay, given that there are a lot of changes made along the way, including differences of opinions between KLIA2 owner MAHB and low-cost terminal users. Tee told reporters yesterday that the UEM-Bina Puri consortium had requested for a time extension till September or October this year to complete the project. He said the company is certain that the consortium would not have to pay LAD for the delay. — *Bernama*

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