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## Manage your **PROPERTY RIGHT!**

Those who attended TheEdgeProperty.com Symposium on Property Management 2017 on April 8 gained insights into what it takes to ensure a property is well managed. Read what the experts say on Pages 2 to 19.



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## PROPERTY MANAGEMENT SYMPOSIUM 2017

PICTURES BY MOHD IZWAN MOHD NAZAM &amp; LOW YEN YEING | TheEdgeProperty.com



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(From left) TheEdgeProperty.com contributing editor Sharon Kam, Gamuda Land branding and communications general manager Nicola Tiong, Panasonic Malaysia general manager and head of strategic B2B development Tan Chee Hon, Chris Tan, Lim, Khoo, Lee, Sarkunan, Chen, Nippon Paint Malaysia general manager of sales Tay Sze Tuck and Au at the symposium.

# Dear owners, don't let bad management ruin your property

BY TAN AI LENG

**W**oe betide a property that is managed under the wrong hands. How well a property is managed can make or break the value of the property, and the owners are the ones, who with some help from the developer and the property manager, hold the key in ensuring the property is in good condition constantly.

The more than 550 people who turned up last Saturday (April 8) for TheEdgeProperty.com Symposium on Property Management 2017 were there to gain greater understanding and insights on the importance of good property management and what it takes to have a successful one.

The half-day symposium themed "Is your investment a time bomb?" was organised by TheEdgeProperty.com in partnership with Nippon Paint Malaysia and Panasonic Malaysia, and supported by The Edge Malaysia. The supporting sponsor was Gamuda Land.

Some participants came as early as 7.30am and a large crowd had quickly formed at the entrance to the hall at One World Hotel in Petaling Jaya. Doors opened around 9am and due to the overwhelming response, extra chairs had to be

added, and by the time the first speaker took the rostrum, there was standing room only.

"World-class quality property management practices 'must be the order of the day', or it could translate into an investor's nightmare," said TheEdgeProperty.com managing director and editor-in-chief Au Foong Yee in her welcome speech.

Au said whether the value of a property climbs or nosedives in years to come is heavily reliant on the condition of the building notwithstanding the investment climate or property cycle.

The speakers at the symposium were Chur Associates founder and managing partner Chris Tan, Architect Centre accredited building inspector and trainer Anthony Lee Tee, DN Homeowners Bhd chairman Andy Khoo, Building Management Association Malaysia (BMAM) president Tan Sri Eddy Chen, Singapore Association of Property and Facility Managers (APFM) president Dr Lim Lan Yuan and Malaysian Institute of Professional Property Managers (MIPPM) president Sarkunan Subramaniam.

There was also a panel discussion entitled "An investor's nightmare" which was moderated by Au with Chen, Lee and Sarkunan on the panel.

Undeniably, the foundation of a good property management also relies on the design of

the building and the building material used during construction.

Chen from BMAM shared his thoughts on the importance of building design during his session titled "Is the devil in the building design?"

He noted that a well-designed building that incorporates energy-saving features is likely to incur less maintenance cost, hence, giving a value enhancement over the life of the building.

Lee from Architect Centre in his talk entitled "So, your building is safe. Really?" stressed that developers, property managers and owners should pay serious attention to safety issues of the buildings in which they live, work, study or perform leisure activities.

Speaking on the concerns of foreign investors, Singapore APFM's Lim opined that safety and security are among specific considerations among foreign home investors due to absentee home ownership as the property owner is not there to look after the property himself or herself.

"Among the issues Singaporean investors weigh heavily before they invest would be the property management, especially in terms of security, as well as tenure, property type and size," he shared during his session themed "In the eyes of a foreign investor".

#### Owner is the boss

Although developers and property managers play important roles in ensuring the upkeep of properties, all the speakers concurred that property owners remain the main stakeholders who must decide the fate of their properties.

In his session entitled "Common myths about communal living: what's legal and what's not!" Tan from Chur Associates emphasised that owners are the boss in the property management process.

"Participation is the key. The more you participate, the more you can ensure the management is doing their job well. Just like a listed company, when the company is managed well, the share prices will go up. So the power is in your hands, really!" he said. Participants also received free copies of Tan's book *Strata OMG (Owner's Manual & Guidebook)*.

Sarkunan in his session entitled "The good,



Au: World-class quality property management practices 'must be the order of the day', or it could translate into an investor's nightmare.



A crowd had already formed even before the doors were opened for the symposium.



Participants visiting TheEdgeProperty.com booth.



Participants reading the latest issue of TheEdgeProperty.com before the symposium begins.



Attendees' answers to a live poll session were projected on screen on real time basis.



Ho Chin Soon Research chairman Ho Chin Soon (left) introducing his latest book *High Speed Rail in Kunming-Iskandar-Jakarta* to the participants.

the bad and the ugly” agreed that one of the key things that property owners should do is to be proactive in the operation and maintenance of the property.

Besides that, he also noted that property owners should set realistic budgets for hiring property managers as it determines the quality of the property management they will get.

An amusing speaker who drew much laughter from the crowd was DN Homeowners' Khoo who shared interesting anecdotes based on his experience as chairman of Duta Nusantara's residents' association which set up a company co-owned by the owners to structurally manage the common areas of the non-strata housing development.

“In this case, every owner is the shareholder of the company. With a good structure, we are able to closely monitor the admin-

istration and make sure a high collection rate is achieved to maintain a high level of maintenance,” he said.

During the panel discussion entitled “An investor's nightmare”, panel members Chen, Sarkunan and Lee agreed that service charge collection is a major factor of an effective management while reiterating that owners need to take an active role in management meetings and pay their service charges on time.

The event culminated with a lucky draw and several attendees went home with cash vouchers courtesy of Panasonic Malaysia and Nippon Paint Malaysia worth a total of RM7,500. Participants also took the opportunity to visit booths set up by TheEdgeProperty.com, Gamuda Land, Nippon Paint Malaysia, Ho Chin Soon Research and The Edge Malaysia.

A building model at Gamuda Land's booth gives potential buyers a clearer picture of its latest project.



## 'Complicated' is the word to describe property management

What is the first word that pops up in your head if you were asked to describe property management? Could it probably be “complicated”? Well that was the word the majority of participants at the TheEdgeProperty.com Symposium on Property Management 2017 chose during a live poll during the event.

The question was: “In one word, what comes to mind when you think about property management?” The top three keywords that appeared were “complicated”, followed by “money” and “investment”. Other interesting keywords that came up included “chaos”, “people”, “participation”, “negotiation”, “headache” and “inefficient”.

As many as three live polls were conducted to find out the symposium participants' views about property management.

One of the polls revealed that around one third of the participants were “neutral” when asked “How satisfied are you with the performance of your property manager?” Some 33% of those who participated in the survey chose “neutral” as their answer while 26% were “somewhat satisfied”. About 14% answered “somewhat dissatisfied”, while 17% were “disappointed” and another 10% were “delighted”.

Another poll question was: “What is the activity (in one word) that best engages the community?” And the result was truly Malaysian as “food” was the most popular word that came up, with other food-related words such as “BBQ”, “party”, “buffet”, “open house” and “potluck” forming the remaining responses. “Safety” and “gotong royong” were the other notable keywords.

(From left) Au, Tay and (far right) Kam with the five lucky draw winners who won RM500 cash voucher each from Nippon Paint Malaysia.



(From left) Au, Panasonic Malaysia's Tan Chee Hon and (far right) Kam with the five lucky draw winners who won RM1,000 cash voucher each from Panasonic Malaysia.



## PROPERTY MANAGEMENT SYMPOSIUM 2017

# Busting the common myths of strata living

BY LUM KA KAY

**S**trata living is synonymous with service charge collection, but many homeowners are reluctant or even refuse to pay their service charges. The simple argument often given is — if they are not happy with the maintenance of a building or its management, they would not need to pay. Now, that's a myth!

"If the management is not performing, it is NOT a valid excuse for you to not pay service charges! Just like a shareholder in a company, your [Joint Management Body or Management Corporation] committee is like the directors that you have appointed to the board.

"If you have any issue, bring the matter to the committee or if it comes to a certain point, change the property management company that you're hiring," said managing partner of Chur Associates Chris Tan.

Tan was speaking at the TheEdgeProperty.com Symposium on Property Management 2017 on April 8 in his session titled "Common myths about communal living: what's legal and what's not!"

With strata living becoming a way of life, strata homeowners will need to step up their participation in their property management council.

"In the past, property management was done in the form of 'Rukun Tetangga', which is a voluntary communal living model, while the contemporary communal living is 'Rukun Tetangga' with a contract, because it is a voluntary act, legally binding and even statutory regulated.

"In communal living, the key [to better property management] is very simple. Participation is the key. The more you participate, the more you can ensure the management is doing their job well.

"Just like a listed company, when the company is managed well, the share prices will go up. So the power is in your hands, really!" he said.

## Your home, your castle?

Does communal living only apply to strata buildings? Not really. According to Tan, besides strata development communal living, which is not only voluntary but also bounded by laws and even statutory regulated, and is run by the developer, Joint Management Body (JMB) or Management Corporation (MC), communal living also comprises voluntary gated-and-guarded communities as well.

"Another myth would be: do strata developments refer to only high-rise buildings? The answer is no, because strata developments include landed strata as well. Therefore, strata developments include high-rise buildings, land parcels with buildings, and a mixture of land parcels and high-rise buildings.

"Strata developments can also have a single or multiple usage, with common property to be enjoyed by owners. They are all under a single underlying title," he said.

## Residents' Association ≠ MC/JMB

According to Tan, a Residents' Association (RA) is different from an MC or JMB.

"The RA is like the opposi-

tion party while the JMB or MC is the governing party. The RA is established under the residents' initiative and governed by the Societies Act and respective local council regulations," he said, likening them to political parties.

"The establishment of the JMB and MC, however, is a statutory requirement under the Strata Management Act 2013," he added.

Tan stressed that the JMB/MC shall only act within the powers granted by the members as decided in the AGM. In other words, abusing the power given will land the person in jail.

"With great power comes great responsibility. This also means that service charges collected are not allowed to be used for just about everything and anything," he said.

Citing the Strata Management Act 2013, Tan said only 14 things can be done using the service charge collection. Among them are cleaning and security services for the common property, insurance premium, minor painting tasks and facilities inspection.

What about the difference between the Commissioner of Buildings (COB) and the Strata Management Tribunal (SMT)?

Tan noted that the COB is attached to the respective local authority and its role is to administer and carry out the Strata Management Act 2013.

"Meanwhile, the SMT is meant to settle disputes in relation to issues of strata management in a more expedient manner with minimal costs. In other words, COB is the police and SMT is the court," he said.

SOURCE: STRATA MANAGEMENT ACT 2013 / CHUR ASSOCIATES

“The more you participate, the more you can ensure the management is doing their job well. — Tan

## Pursuant to Strata Management Act 2013, the service charges or money in maintenance account shall be used solely for the purpose of meeting the actual or expected general or regular expenditure in the following matters:

1 Maintaining the common property in good condition on a day-to-day basis

2 Cleaning service for common property, security services and amenities for the occupiers of the building

3 Premium for insurance

4 Complying with any notice made by the local authority in respect to periodical inspection as specified in the Street, Drainage and Building Act 1974

5 Minor painting on the common property

6 Carrying out inspection of all electrical wiring systems of the common property and replacing or repairing any faulty wiring system

7 Carrying out inspection, maintenance and repair of the main water tanks

8 Paying rent and rates, if any

9 Paying auditor's fees

## Can you keep pets in your stratified home?

Last but not least, there is a myth that one cannot keep pets in a strata development. However, to many strata homeowners' delight, Tan said one can in fact keep pets in their properties depending on several factors.

For one, local authorities have a say as well, hence some strata homeowners may need to apply for a licence in order to keep their pets in a high-rise or strata development. So it is important that strata homeowners check with the relevant local authorities if such a licence is necessary, noted Tan.

Secondly, "we can keep pets in the development if the majority of owners agree to it, provided that your pet does not cause nuisance to your neighbours," Tan said, citing Sub Paragraph 14(1) in the 3rd Schedule to the Strata Management (Maintenance and Management) Regulations 2015.

Themed "Is your investment a time bomb?" the symposium was organised by TheEdgeProperty.com with partners Nippon Paint Malaysia and Panasonic Malaysia. It was supported by The Edge Malaysia while the supporting sponsor was Gamuda Land.



- |    |   |
|----|---|
| 10 | Paying all charges reasonably incurred for the administration of the accounts required to be maintained by the management under Strata Management Act 2013 as may be determined by the COB  |
| 11 | Paying remuneration or fees for managing rent   |
| 12 | Paying allowance and other expenses of the members of the committee to such rates as may be approved by the COB   |
| 13 | Paying any expenses, costs or expenditure in relation to the procurement of services including the engagement of consultants, legal fees or costs and other fees and costs, incurred or accepted by the management in the performance of its function and the exercise of its power under the Strata Management Act; or |
| 14 | Meeting other expenses of a general or regular nature relating to the maintenance and management  |

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## PROPERTY MANAGEMENT SYMPOSIUM 2017

# How safe is your home?

BY SHAWN NG

**M**any people think that their well-renovated homes which are secured with window grilles are a safe sanctuary for them to live in, but they may not realise that the fancy renovations and fixed grilles can kill them under certain circumstances.

A recent case involved a two-storey terraced house in USJ 2, Subang Jaya, where property agent Lim Ah Kok and his family died because of smoke inhalation as they were unable to escape the fire that had started in the living room, said Architect Centre Sdn Bhd accredited architect and trainer Anthony Lee Tee, in a grave and severe tone.

"The family tried to escape from the bedroom window but the window had grilles installed [which hampered their escape], so they perished," he said.

He added that in 2016, over 6,000 buildings in Malaysia were ravished by fire and over 1,000 people died in those properties, according to statistics from the Fire and Rescue Department Malaysia.

Besides grilles, electronic devices in our homes could also be a killer. Lee cited the Japanese couple who was killed after being electrocuted by a faulty water heater in their apartment in Mont'Kiara.

"Meanwhile, there are also cases of people who have fallen from buildings, especially over glass handrails, and where parts of buildings have fallen down on people or even buildings that have collapsed," he noted.

"So, what is happening? Do we need to have all the shocking images and incidents before we decide that we need to do something?" he asked the audience at TheEdgeProperty.com Symposium on Property Management 2017 on April 8.

Lee was one of the speakers at the symposium with his topic "So, your building is safe. Really?" Themed "Is your investment a time bomb?", the symposium was presented by TheEdgeProperty.com with partners Nippon Paint Malaysia and Panasonic Malaysia. It was supported by The Edge Malaysia while the supporting sponsor was Gamuda Land.

Based on property inspections by Architect Centre from 2008 to 2016,

the company conservatively estimated that one in every five properties is unsafe, which means the property has breached important bylaws that pose clear and present danger to property and lives, said Lee.

In fact, the estimate could also be applied to the posh properties located in prime locations, such as Kuala Lumpur City Centre (KLCC), he added.

"I estimate that for buildings just around KLCC, one in five of those very expensive apartments is unsafe, in one way or another, in terms of fire, electrical or glass safety," he said.

“

Safety is never an option or a slogan.  
— Lee

He recalled that he was approached by a couple who migrated to Malaysia under the Malaysia My Second Home (MM2H) programme and paid several million ringgit to buy a five-star property in the vicinity of KLCC.

However, the property was declared unsafe after Lee's inspection. "It is embarrassing. We have a fine property in a beautiful location, but it is unsafe."

The top three unsafe property categories in the country are: mixed strata buildings; renovated buildings such as factories, homes and offices; and public buildings such as hospitals, schools and hostels, he noted.

The root cause of the problem lies in the design of the buildings, building construction and property management.

"The first root cause is design. If you design a building incorrectly or without a thought about safety and property management, you will inherit a property that is born sick," he said.

He added that Malaysia has over 100 prevailing bylaws that govern the design of buildings and the installation of electrical wires, ceilings and fire exits, but there are still a lot of deficiencies in architecture and engineering design in the buildings, thus causing problems like leakages and cracks.

The second root cause is the shoddy workmanship on construction works as everyone wants to speed up the progress. "But speed kills quality, so there are many buildings that are born sick today, and many people have inherited a lot of unresolved defects from these buildings," he said.

The last root cause is the lack of proper building maintenance and the apathy and ignorance of property management. Lee shared that buildings are like humans and will get sick if they are not well taken care of.

However, there are many bad property managers in the market, who only care about money but not about human lives.

Lee shared that he once inspected a hotel that was already operating. The fire detectors and sprinklers were not installed as the property manager wanted to "save some money".

"The fire control panel of the building was not working anymore, but after we informed the property owners about the problems and warned them of the dangers, all they cared about was if the building could be repainted," he said.

In order to change the situation, Lee urged everyone to generate change from within.

"We have been so disengaged from all problems from the day we took ownership of our property, which is the most expensive thing that we will buy in our whole life," he said.

"Let's rethink how we should do things. Safety is never an option or a slogan. There are no closing days for buildings, especially public buildings like hospitals, hotels and malls, so we have to get it right the first time," he concluded.

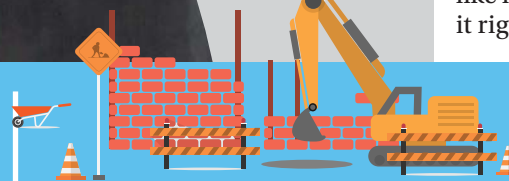
LOW YEN YEING | TheEdgeProperty.com

## So you think you are SAFE?



## Where's the danger?

- Broken glass handrails and missing glass panes
- Electrical devices that do not comply with standard requirements
- Fire resistant doors and emergency exits which are often locked
- Malfunctioning security and fire alarm control panels
- Lack of fire detectors and water sprinklers



## What went wrong?

- Too many buildings with design that do not take safety into consideration
- Appetite for speedy construction leads to poor workmanship
- Lack of proper property management and the apathy and ignorance of property managers

## What should we do?

- Generate change from within
- Be proactive and stop being apathetic
- Do not compromise on safety and health
- Clean up your act and raise the bar



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## PROPERTY MANAGEMENT SYMPOSIUM 2017

## A need for committed homeowners

BY NATALIE KHOO

Many homeowners or property investors think that once they have signed the Sales and Purchase Agreement or when a project they bought has been completed, that marks the end of their worries. However, on the contrary, it may just be the start of a new series of problems, warned DN Homeowners Bhd chairman Andy Khoo.

DN Homeowners was formed by the homeowners of Duta Nusantara, a non-strata landed residential development located in between Dutamas and Sri Hartamas in Kuala Lumpur.

Khoo was sharing his experience of managing a non-strata development during his talk entitled "Managing your property manager" at TheEdgeProperty.com Symposium on Property Management 2017 on April 8 organised by TheEdgeProperty.com with partners Nippon Paint Malaysia and Panasonic Malaysia. The event was supported by The Edge Malaysia while the supporting sponsor was Gamuda Land.

"Today, a lot of property developments have their own residents' association. Sometimes, the association is formed after an unpleasant event has happened in the neighbourhood, for instance a robbery in the housing area. People are usually driven by emotions — but the energy often dies out very quickly," said Khoo.



MOHD IZWAN MOHD NAZAM | TheEdgeProperty.com

“

A residents' association is present so that we can have a greater sense of security and unity. We act as a social enterprise. — Khoo

"The money allocated to us is not our money, it is other people's money. When we are handling other people's money, we need to do it with 110% visibility. There must be proper attention and auditing done to show how the money is used. We do not collect excess funds and accumulate money [in Duta Nusantara].

"For example, there are some cases where the government has claimed back land to build public transportation such as the mass rapid transit. I heard that this happened in one of the developments in KL, and the residents' association took the RM8 million windfall to build an entrance to the development. If I was the property manager, I would have ensured the money was given back to the residents in the form of dividends instead of accumulating the money to be used for other purposes," said Khoo.

Another point that Khoo raised was that a property manager should be observant when it comes to signing cheques for purchases.

"Always ensure that the board's approval has been given before any signing of cheques. Make sure that the required guidelines are met and that all the quotations have been compared to ensure that the best decision for the community has been made," said Khoo.

He recounted an experience whereby he once received three separate quotations but upon detailed scrutiny, he realised that they all came in from one company as they all had similar fonts and set templates, with only the names and phone numbers differentiating them!

### Love thy neighbour

Unless one has the financial means to buy a few houses in the same row, you will not be able to choose your neighbours. And there are bound to be disagreements among neighbours in a community but they have to be understanding and try their best to resolve their issues in the best possible way.

"A residents' association is present so that we can have a greater sense of security and unity. We act as a social enterprise. Many a time, when there are disagreements with one another in the community, the first thing people do is to run to the chairman of the residents' association. In fact, all they need to do is communicate with one another and understand where each other is coming from," said Khoo.

He shared an incident where one resident was complaining about how a new neighbour who had just moved in next door was causing a disturbance because they would do their laundry in the wee hours of the morning.

"To me, the problem could have easily been fixed by the resident going over to the new neighbour's house, with some nice 'nasi lemak' to welcome them into the neighbourhood and then subtly requesting if it was possible to do the laundry a little bit later in the day. Some issues can just be solved by simple communication!" said Khoo.

What's essential for a community or strata property to be managed well is that owners and residents must have the right attitude and awareness of their roles in managing the property, he added.

"Different residents have different expectations. For instance, at one annual general meeting, a resident requested that the security guards be lenient in allowing her children's tuition teacher in without any checks and for her to be treated like a family member.

"Then another resident asked whether the guards could stop his mother from visiting him! So you see, everyone has different requests and expectations. We cannot please everybody but we can try to seek a balance," Khoo chuckled.

This is because a residents' association is not governed by law unlike in a strata development, said Khoo. Hence, people are not as committed towards ensuring an efficient management of the property.

Indeed, getting committed people to volunteer their time and effort to contribute to a residents' association is already a big challenge especially when the management is not an elected one.

One also has to keep in mind that these volunteers often lack expertise that could benefit the management of the property.

"For instance, in a residents' association, the committee may consist of professionals such as lawyers, doctors, and sometimes even housewives and retirees. These people are not your electricians, landscape gardeners, plumbers or engineers who understand the mechanics of managing a property. Thus, it is critical how you set the property management entity to draw on the resources and right expertise when you need them," said Khoo. Therefore, it may be a good idea to hire a professional property management company.

"If you hire a property management company, if the technicians take leave or are not available, [the property management company] will need to and must be able to replace them with the same amount of absentees who can deliver the same quality of work to the residents," offered Khoo.

On top of that, the property management company has the licences required to provide the right people to manage the property such as hiring security guards who have already undergone proper training. The property management company also handles matters such as the performance review of the property management team. All these considered, it makes more sense to have a property management company do the job.

### Financial transparency

A good property manager has to ensure that funds allocated are used wisely, said Khoo.





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※1: Source: IPCC 4th Assessment Report, Comparison of 2088 (R410A) and 675 (R32).

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# 'Don't create a devil of the building'

BY RACHEL CHEW

It is no secret that stratified high-rise buildings are likely to form the bulk of new buildings in the future, especially in the city where land for development is shrinking every day while its population continues to grow.

This changing phenomenon is impacting the way real estate developers are designing and building their projects. It also highlights the growth of the building management industry and the need for such industry services and professionals.

"Stratified buildings will form a majority of buildings in the country soon, maybe up to 70% of all houses built, à la Hong Kong or Singapore. This phenomenon will give rise to a whole new standalone building management industry," said Building Management Association Malaysia (BMAM) president Tan Sri Eddy Chen during his presentation entitled "Is the devil in the building design?" at TheEdgeProperty.com Symposium on Property Management 2017.

Themed "Is your investment a time bomb?", the symposium was organised by TheEdgeProperty.com with partners Nippon Paint Malaysia and Panasonic Malaysia on April 8. The event was supported by The Edge Malaysia while the supporting sponsor was Gamuda Land.

Chen predicted that by 2020, there will be potentially one million strata housing units in the country, and as many as five million people will be managed under the Strata Management Act.

However, he stressed that "to manage stratified properties and their residents well, it starts with a well-designed property as it can help to reduce the amount of maintenance while keeping things in proportion and perspective".

The design of a property, he added, plays a key role in the upkeep of a property and in efforts to maintain its value in the long term.

"From the perspective of the property's longer-term upkeep and maintenance, generally the issue of sustainability, it is indisputable that design indeed plays the key role. Poorly thought-out designs will inevitably lead to long-term expenditure costs and headaches to both tenants and owners," Chen noted, adding that the lack of maintenance will also impact the final impairment analysis of the asset's value.

## Have the end in mind

Chen told the audience that the philosophy of "having the end in mind" is very apt when it comes to building design.

"All designers should, before they even put ink on paper, revisit this thought, that you don't create a devil of the building."

Although the property's design will not have a direct impact on the future value of the property, it does have a direct impact on its maintenance cost.

"With a lousy design, there is the increased likelihood that you will end up with higher maintenance, replacement and retrofitting costs. This will eat into the sinking fund. On the other hand, a well-designed building is likely to incur less maintenance cost and, hence, contribute to value enhancement of the life of the building," he shared.

Chen cited, for example, that the direction of a house could decide its energy cost.

"If your house faces west, the electricity bill will be higher because you may turn on the air-conditioner more often due to the heat from the sun."

Meanwhile, if the developer puts more effort into the design and avoids building houses that face the east and west directions, it will help future residents to save more on their utility bills," Chen said.

However, he also noted that there is a constant "clash" between aesthetics and logic in building design, maintenance and management.

"Aesthetics mostly involves external facades and interior designs of a decorative nature, while logic, or what we call functional design, is mostly concerned with the practical upkeep of a building, its facilities and services.

"Quite often, there is too much emphasis on aesthetics in a building's design rendering the building difficult to maintain and manage. It also makes the building generally less space efficient," he shared.

Generally, a good design should have sustainable elements such as energy efficiency, use of green materials, recycling of water,



LOW YEN YEING | TheEdgeProperty.com

## 10 ELEMENTS of sustainable building

- Energy efficient
- Low maintenance costs
- Recycle water
- Uses green materials
- Good ventilation
- Good natural lighting
- Good shading from direct sunlight
- Space for sufficient community interaction and also provide privacy
- Aesthetically pleasing
- Good accessibility

# “

Design plays a key role in the upkeep of a property and in efforts to maintain its value in the long term.  
— Chen

good ventilation, and offers enough natural lighting with good shading from direct sunlight.

On top of that, it must be aesthetically pleasing, offer good accessibility, have space for sufficient community interaction and provide sufficient privacy.

"A good building design must incorporate easy accessibility to the car park, lift, common corridors and facilities. On the contrary, a poor design will give rise to stress and at times frustration for those living there," Chen said.

### The new role of a developer

Any misstep in a property's design will have a long-term impact on the liveability of the home, the ultimate being maintenance cost, inefficient use of space and wastage, hampering movement and as a result impairment on the value of the building.

"As a developer in the industry for the past 30 years, the role of the developer has evolved compared with 10 or 20 years ago. A building is no longer seen as just brick and mortar, but one that provides a wholesome physiological and psychological sense of well-being and security," said Chen, who is also the managing director of MKH Holdings Bhd.

Chen noted that developers nowadays have more to consider as growing affluence brings greater demands and needs while competition gets stiffer.

"A developer also has to comply with more rules and regulations. The imposition of capital contributions, scarcity of suitable land and hence higher costs pose whole new challenges to all developers," he shared.

Nevertheless, he said developers should not compromise on the quality of design and construction because they contribute to safeguarding the property value and quality of living.

In conclusion, Chen said: "All building starts with design. It cuts across the macro environment to the micro consideration of space, fittings and finishes. As homes are now more of a lifestyle investment, it is the developer's responsibility to put in greater thought on design and finishings to upkeep the value of the building."

# What foreign investors look for in Malaysian properties

BY LUM KA KAY

**T**he biggest difference between a local property investor and a foreign one is that the former is often present in the country while the latter is often absent.

“Even if the foreign investor bought the property as a holiday home or as a ‘second home,’ they’re [usually] not based in the country where the properties are located most of the time,” noted Singapore Association of Property and Facility Managers president Dr Lim Lan Yuan.

Such absentee ownerships therefore mean that they would be inclined to choose an investment asset that offers good property management.

In his session entitled “In the eyes of a foreign investor” at the TheEdgeProperty.com Symposium on Property Management 2017 on April 8, Lim shared that one major aspect that Singaporean investors weigh heavily before they invest in a property in Malaysia, apart from the property’s design features, is property management, especially in terms of security.

“Safety and security is one of the specific considerations among foreign home investors due to absentee home ownership where the property owner is not there to look after the property himself or herself,” he said.

“There were instances where property owners found their units either renovated or modified without their consent or even broken into with all the furniture and fittings gone. So it is crucial to have a good property management team to guarantee the safety of the property on behalf of the property owner,” he said.

## Factors to consider when buying foreign property

Generally, among the things to ponder when you’re looking to invest in a foreign property are its exit strategy, location, financing and, of course, the property management, said Lim.

“Sure, you can buy a property, but at the end of the day if you would like to resell it, would people buy it? Would there be any restrictions to selling the property off?”

“Sure, you can buy a property, but at the end of the day if you would like to resell it, would people buy it? — Lim

### Differences between local and foreign investors

LOCAL INVESTORS	FOREIGN INVESTOR
<ul style="list-style-type: none"> <li>Familiar with local conditions</li> <li>Ownerships in presence</li> <li>Familiar with policies and regulations</li> <li>Local currency transaction</li> <li>Common specific property types</li> </ul>	<ul style="list-style-type: none"> <li>Need time to learn about environment</li> <li>Absentee ownership</li> <li>Different set of policies and regulations</li> <li>Foreign exchange consideration</li> <li>May be looking for something different</li> </ul>

### Factors to consider when buying foreign property

- Purpose of purchase – own occupation or rental income?
- Exit strategy – how long is your holding period?
- Location – country’s economy; political and institutional factors; control on foreign ownership; local environment (neighbourhood, accessibility, amenities)
- Financing or transaction cost – foreign exchange, mortgage interest, loan amount, legal fees, management cost, reselling cost
- Property management – during construction period and completion, security, routine maintenance

The economic and political situation of a country must also be considered as that will affect the property investment risk in the country.

“Another thing would be the control the country has on foreign ownership such as on financing or transaction costs including foreign exchange, mortgage interest amount, legal fees, etc, as well as the management and reselling cost,” he said.

On property management, especially for strata residential developments, Lim said one would have to look at the management cost and who manages the property.

## What Singapore investors like

According to Lim, Singaporean real estate investors tend to look for something they cannot find in their own residential property market. Hence, some prefer to purchase properties in neighbouring Malaysia because of the tenure and larger sizes compared to those on the island republic.

“In terms of tenure, in Singapore, it is very difficult to get freehold property as the government owns most of the land. So when we get a freehold property, we will love it.

“Another thing we pay a lot of attention to is the property size. Generally, Malaysian properties have bigger built-ups and they are still considered relatively cheap.

“And this translates to higher growth potential for property investors because there is still room to grow (capital appreciation). In Singapore, the property prices are very high, so there will not be much growth there,” he noted.

Lim advised aspiring foreign property investors to understand the country they are looking to invest in and its laws, do some research or consult an expert, work out the total costs, visit and inspect the property, and consider the management issues, before making the final decision of purchasing a property in a foreign country.

Themed “Is your investment a time bomb?” the symposium was presented by TheEdgeProperty.com, with partners Nippon Paint Malaysia and Panasonic Malaysia. It was supported by The Edge Malaysia while the supporting sponsor was Gamuda Land.



BY SHAWN NG

Property owners have to play their part in ensuring that their property manager does a good job and that the property is well-managed.

It certainly helps when owners take a proactive stance in the operations and maintenance of the property, said Malaysian Institute of Professional Property Managers (MIPPM) president Sarkunan Subramaniam in his talk titled “The good, the bad and the ugly” at TheEdgeProperty.com Symposium on Property Management 2017 on April 8.

“How do you keep your property manager on his or her toes? The first tip is to be proactive. The owners should have regular meetings with them at least once in two months to get updates on what’s going on,” he said.

Property owners should also set realistic budgets for the property manager to operate in. They should not try to cut the budget unnecessarily, he said.

It is also important to conduct regular tenant or customer satisfaction surveys to get feedback on the services provided by the property manager in order to track their performance.

Setting up key performance indicators (KPIs) for the property manager while establishing a proper reporting channel with them are among the key things property owners could do.

“Property owners should conduct joint walkabouts with their property manager, identify issues in the property and find solutions together,” he said.

According to the Board of Valuers, Appraisers and Estate Agents, there are several property management standards that govern property managers in the country.

Hence, Sarkunan advised property owners to familiarise themselves with the standards to get a better understanding of the duties and qualifications of property managers and other relevant matters.

He noted that a good property manager is able to work with integrity and trustworthiness and ensure that a property is well-managed and kept at its most optimum level, so that the property’s investment value is maintained.

“The property manager is definitely a friend, and also a business partner. In order to get the optimum value from the property manager, you have to first set clear expectations.”

It is very important for property owners to have clear expectations of their property as this will help the property manager understand his or her task and role.

The public should also understand that property managers have their own limitations as they are not specialists in all fields, he added.

“A property manager is not an expert let’s say in law, or insurance and taxation, so you cannot expect them to know everything. However, a good property manager can be a good contact for various matters and in getting help from the real experts,” he said.

Hence, it is imperative that owners provide support for the property manager, employ quality management staff, and have a good point of contact between the owners and the manager, he said.

### Well-managed property entails costs

Sarkunan stressed that property owners have to understand that a well-managed property does not come cheap.

“A lot of joint management bodies (JMBs) or management corporations are concerned over the cost or the fees charged if they hire a property manager. But if you give peanuts, you get monkeys. So if you want a good property manager, you have to be willing to pay good salaries or fees,” he said, adding that people need to understand that the fees also cover the back-end support from the property manager’s headquarters.

For instance, the engineers, security officers and staff from the headquarters may be able to provide expert advice and check various aspects of the building, he explained.

No doubt, having a bad property manager can cause nightmares for the property owners. And problems involving property managers are many and varied.

# How to keep your property manager on his toes

## Tips for property owners to harness optimum value from their property managers

- Have regular update meetings
- Set realistic budgets
- Carry out satisfaction surveys to get feedback from occupants on the services provided by property manager
- Have joint walkabouts with property manager to identify problem areas and solutions
- Have key performance indicators for the property manager
- Establish a proper reporting channel between owners and manager
- Set clear expectations for property manager

## The “Good” property manager

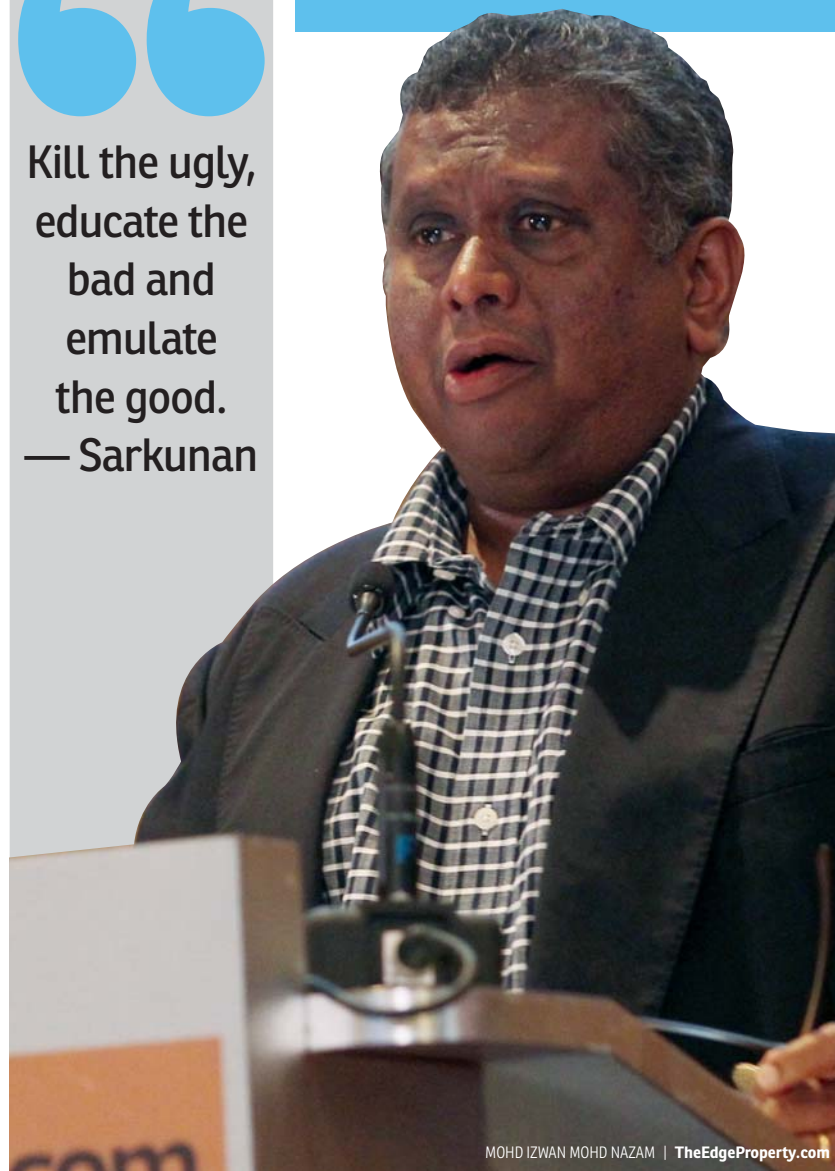
- Able to upkeep the property at its optimum level, prolonging its life cycle, reduce replacement cost and improve yield
- Able to ensure that your investment does not go down in value
- Able to maintain the premises with professionalism
- Able to work with full integrity and trustworthiness

## The “Bad and Ugly” property manager

- Cause mismanagement of property
- Cause difficulties in collection of service charges and funds
- Lack transparency in managing monies and funds
- Lack of professionalism in general conduct

“

Kill the ugly, educate the bad and emulate the good.  
— Sarkunan



MOHD IZWAN MOHD NAZAM | TheEdgeProperty.com

“You may then face difficulties in collecting service charges and fees as the property owners would refuse to pay due to the disappointing performance of the property manager,” said Sarkunan.

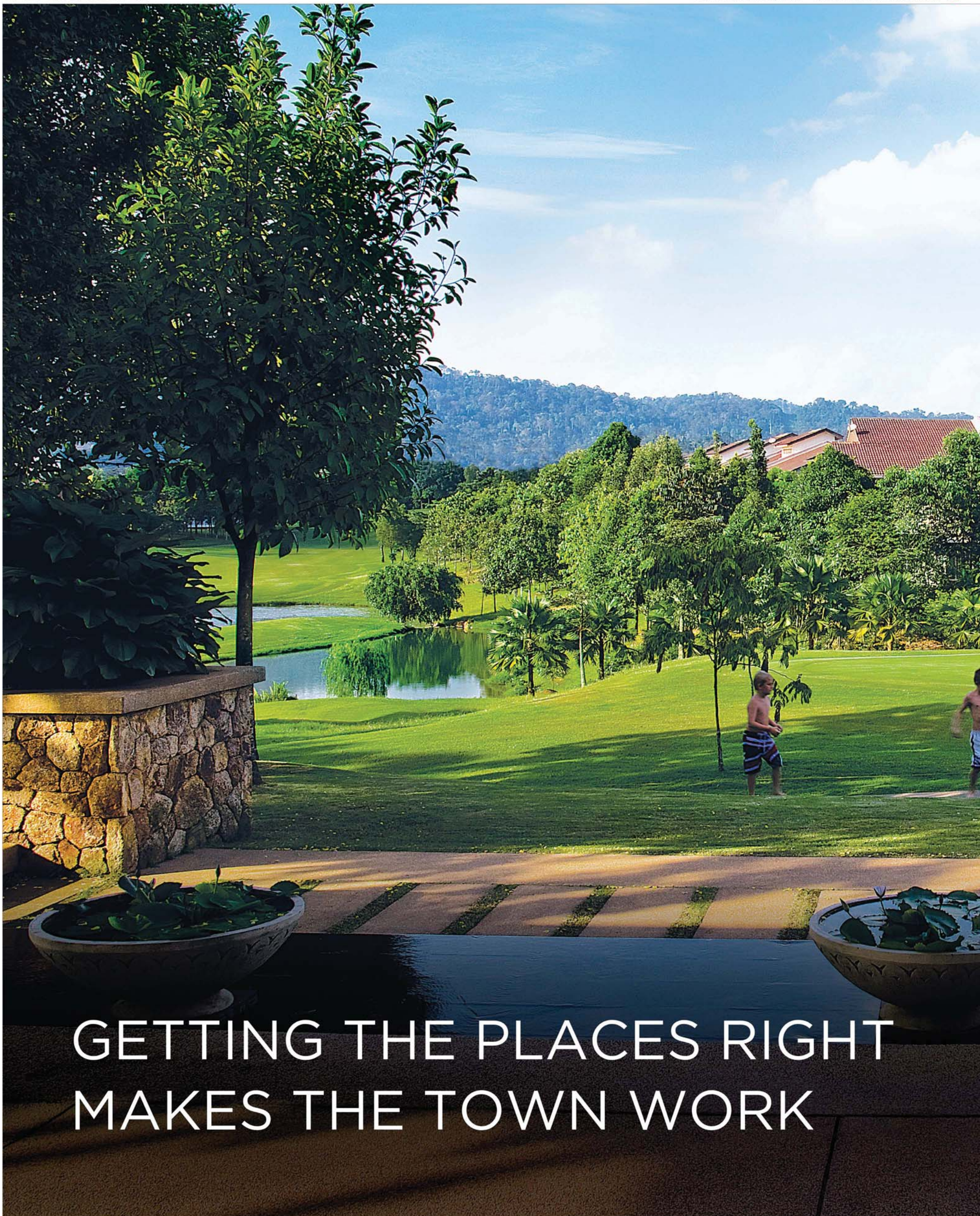
Moreover, there may also be a lack of transparency in the maintenance and sinking fund account and lack of professionalism in [the property manager’s] general conduct, he added.

These “bad” and “ugly” property managers can cause serious problems for the property in the market in the long run, he shared, citing a grocery store in Bandar Utama which was ordered to close down due to rat infestation caused by mismanagement or bad property management.

There are also cases where the developer has refused to hand over the property to the JMB as they want to have control over the building. There are complaints for example of developers not conducting annual general meetings, developers not handing over monies properly, and others, he added.

In conclusion, Sarkunan has this advice to all stakeholders: “Kill the ugly, educate the bad and emulate the good.”

Themed “Is your investment a time bomb?” the symposium, which saw more than 550 participants, was organised by TheEdgeProperty.com with partners Nippon Paint Malaysia and Panasonic Malaysia. It was supported by The Edge Malaysia while Gamuda Land was the supporting sponsor.



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## PROPERTY MANAGEMENT SYMPOSIUM 2017

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(From left) Au, Sarkunan, Chen and Lee discussing the aspects of good property management.

# SYMPOSIUM ON PROPERTY MANAGEMENT 2017



## Owners, managers, developers — all play a role in a property's sustainability

BY TAN AI LENG

Seeing the value of your property nosedive because of poor management could be an investor's worst nightmare. And in order to avoid such a tragedy, property owners need to know their rights and responsibilities in the management of their properties.

This was the key advice given by members of a panel discussion entitled "An investor's nightmare" held at TheEdgeProperty.com Symposium on Property Management 2017 recently.

On the panel were Building Management Association Malaysia (BMAM) president Tan Sri Eddy Chen, Architect Centre accredited building inspector and trainer Anthony Lee Tee and Malaysian Institute of Professional Property Managers (MIPPM) president Sarkunan Subramaniam. The discussion was moderated by TheEdgeProperty.com managing director and editor-in-chief Au Foong Yee.

The half-day symposium themed "Is your investment a time bomb?" on April 8 was organised by TheEdgeProperty.com, with partners Nippon Paint Malaysia and Panasonic Malaysia. It was supported by The Edge Malaysia while the supporting sponsor was Gamuda Land.

During the panel discussion, Lee noted that one critical aspect of property management is to ensure a property is safe for its residents or occupants. The condition of a property, both interior and exterior, is often neglected and this could have a severe impact on its residents.

As an experienced building inspector, Lee estimates that one in five of the buildings in the country are unsafe through hidden dangers such as faulty wiring, lack of fire safety standards, or broken glass fittings. The estimate is based on property inspections by Architect Centre from 2008 to 2016.

"Besides building defects, it is important for owners to take the initiative to understand what the hidden risks are in their homes, such as the type of electrical switches they are using," he said.

MIPPM's Sarkunan emphasised the benefits of

employing professional property managers who could provide specialist services to property owners in the upkeep of properties.

He noted that the safety aspects of a building could be addressed with the assistance of a property manager, as the property manager will assign its staff to inspect every service and facility in the building to ensure everything is safe and in good condition. A good property manager can help enhance and prolong the life cycle of the building.

"From my observation, some developers have already engaged property management companies as consultants at the design stage to look at issues that might have been overlooked by the architects. This is a positive development," Sarkunan noted.

BMAM's Chen concurred that a well-designed building is the key to value enhancement of a project which also brings good returns for investors.

"The design of a building needs to take the property's future maintenance into consideration. You can build a huge tower and a lush landscaped garden but the problem is that the cost of maintenance may be high. Between aesthetics and sustainability, designers need to find a balance," he stressed.

However, Chen also noted that there is no design template where "one size suits all" as property developers also need to take into consideration the location, needs of the local buyers, as well as the type of products they want to develop.

### Collections vital to a property's maintenance

On what can contribute to successful property management, all the panellists agreed that adequate service charge collection is a major factor in ensuring a building is well maintained, which in turn sets the foundation for the property's value to be maintained or rise in the long run.

Chen said the level of service charge collection has direct impact on the level of maintenance of a building.

"There is no excuse for people not to pay the service charge in a strata property. From my observation, many strata properties are in a rundown condition due to poor collection. It is very hard for the property manager to manage the building well without a healthy financial status," he added.

With the emphasis on cost, many property owners tend to look at the cost incurred in hiring a professional property manager instead of focusing on how the property manager can provide quality management and services, said Sarkunan.

According to a recent survey by MIPPM, the management of some 70% of condominiums and apartments in Malaysia are considered to be "below par".

"Do bear in mind that well-managed projects will certainly have more value compared with those that are poorly managed even though they are both located in the same area, or are of similar size and age," he said.

Sarkunan advised property owners, developers and property managers involved in property management to work hand-in-hand to "kill the ugly, educate the bad and emulate the good" as a badly managed property could have a negative impact on all three parties.

Architect Centre's Lee also stressed the importance of owners' participation in property management, such as attending management meetings and exercising their power to correct problems by voicing out their concerns during meetings.

He noted that although a good property management starts from a well-designed and safe building, the future upkeep of the building is in the hands of the owners and property managers.



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## SYMPOSIUM ON PROPERTY MANAGEMENT 2017



# THANK YOU

Distinguished speakers:

**Sarkunan Subramaniam**  
President, Malaysian Institute of Professional Property Managers

**Tan Sri Eddy Chen**  
President, Building Management Association Malaysia

**Prof. Dr Lim Lan Yuan**  
President, Property & Facility Managers Association, Singapore

**Anthony Lee Tee**  
Accredited building inspector and trainer, Architect Centre

**Andy Khoo**  
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## PROPERTY MANAGEMENT SYMPOSIUM 2017

## Q&amp;A WITH THE SPEAKERS

PICTURES BY MOHD IZWAN MOHD NAZAM AND LOW YEN YEING | TheEdgeProperty.com

# Unravelling the knots of property management

Questions from participants of TheEdgeProperty.com Symposium on Property Management 2017 were forwarded to the respective speakers after the symposium on April 8. The speakers have tried their best to reply but due to the number of questions received, some need more time, hence Part 2 of the Q&A will be published next week. Please note that both the questions and answers have been edited for clarity. The answers reflect the personal views of the speakers and do not constitute legal advice.



## Andy Khoo

**Please share about the organisational structure of the private company that manages Duta Nusantara.**

Our organisation is a company limited by guarantee and registered as a Berhad entity with the Registrar of Companies (ROC). Every owner of a property in our neighbourhood is a shareholder with a single share in this company.

We are led by an elected board of directors and hold an annual general meeting (AGM) once a year to report to shareholders and for election purposes. The board meets quarterly and sometimes more often to deliberate and decide on company matters pertaining to our community.

The board hired a professional property management company and we monitor the performances of its employees assigned to our property. We also formed different committees to handle specific complex issues and key projects like security, road works and other costly activities.



**What are the challenges faced in managing a non-strata property?**

The problems in property management are the same as these are normally just people issues pertaining to attitude and behaviour. In non-strata properties, we have to fall back on the Deed of Mutual Covenants (DMC) and take action in line with the DMC, even to the point of legal action.

**In strata properties, there are certain steps to resolve conflict among residents. However, in non-strata devel-**

**opments, what can the residents do if they cannot solve the problem among themselves?**

If there are proper contracts, processes and procedures, house rules, minutes of meetings and avenues for proposal of resolutions, then a home owner should resort to those.

In the case of non-strata properties, the best recourse would be the DMC (if one exists). If there is an owners' company or a residents' association (RA), then refer to the processes and procedures in the Company Memorandum of Articles (governed by the ROC) or RA Constitution of Establishment (governed by the Registry of Societies Malaysia).

Minutes of committee or board meetings should be readily available to members. The right to call for a proposed resolution for members to vote at an AGM or extraordinary general meeting (EGM) should be another option for recourse.

**In cases where a minority is unhappy with the majority's**

**decision, how will you deal with their dissatisfaction?**

The minority will have to first propose a resolution for vote during an upcoming AGM or gather enough members/owners to convene an EGM.

If the resolution fails to pass with enough votes at the AGM/EGM, I would suggest that the minority (if they feel strongly enough about the matter) either submit a case for arbitration before an arbitrator or else file a legal suit to force their demand to be heard in a court of law.

The basic tenet of community living and subscribing to an owners' company or association is to accept and follow the concept of majority-based decisions. So any dispute will need to be decided by arbitration or as a civil case.

**How do you handle residents who do not pay their maintenance fees in a non-strata development?**

If there is any contract such as a DMC, then one recourse would be to seek legal action. Within that option, the owners' compa-

ny or residents' association would need to send enough letters of demand or invoice/statement reminders. If the member still fails to pay up, the next step would be to secure a lawyer's letter of demand as a warning of pending legal action. The final recourse would be to file a civil suit for recovery of the outstanding funds. If a legal contract like the DMC is in place, then the case would normally go against the member who would then be ordered by the court to pay the outstanding dues and even made to pay for court/legal costs.

The other option would be to remove any privileges from the recalcitrant member. For example, if there is a resident's lane with card access entry, then one possible punitive move would be to deactivate the defaulter's access so that the member is forced to use the visitors' lane and register for entry. Another option would be to deny access to facilities like the community gym, usage of the common hall for parties or whatever else is given as benefits to paying members.



## PROPERTY MANAGEMENT SYMPOSIUM 2017

## Q&amp;A WITH THE SPEAKERS

## Chris Tan

**I'm a foreigner who bought a condo unit which was completed five years ago but the strata title has not been issued yet. What can I do?**

Please check with the developer on the status of the strata title application. Since it is already five years from completion, it must be submitted under the previous legal regime instead of the latest Strata Titles Act. Under the previous regime, the developer has to apply for a strata title within six months from the date of vacant possession. Therefore, under normal circumstances, the application should have been submitted.

If you wish to follow up on your own, obtain the submission details from the developer and you can follow up with the authorities directly. Legally, you can still transact a property whether the strata title is issued or not. The developer plays an important role to administer the change of ownership until the strata title is issued and transferred to the rightful owner at that material time, including informing the bank to perfect the charges to replace the assignment of rights before the issuance of the strata title. You can also consider taking a small loan from the bank using the unit as security. This way, the bank can also monitor the progress of the strata title issuance for you.

**If the minutes of meetings and AGMs are submitted to the Commissioner of Buildings (COB), when in reality the proxies of the developer in a Joint Management Body (JMB) never conducted any meetings, what can the owners do?**

The JMB is comprised of all owners as well as the developer. In this context, the developer can also be the owner if the developer has retained some units. Of course, there can also be developer-friendly owners. Every owner is entitled to be elected into the Joint



Management Committee (JMC) of which one seat is reserved for a representative appointed by the developer.

Legally, proxies cannot be nominated to take office as a JMC member. If these members of the JMC are duly elected from the annual general meeting (AGM) in accordance to the due process, the only way to change it is through the calling of an extraordinary general meeting (EGM) by owners to deliberate the performance of the JMC.

If you have good evidence of minutes of meetings submitted without an actual meeting, you can certainly complain to the COB. You can also refer this matter to the Strata Management Tribunal.

**(i) In the Sales and Purchase Agreement (SPA), can the developer place the ownership of all the car parks under the development and not under the ownership of the JMB or Management Corporation (MC)?**

This is possible but unlikely to be for all the car parks, as it might be a requirement for car parks to be allocated to the unit owners especially for a residential development. Since you mentioned JMB or MC in this context, you must be referring to the extra car parks after the required allocation to the owners.

**(ii) If the car park belongs to the developer, can the developer**

**collect rental, increase rental and restrict residents' usage of the car park?**

The authorities could actually approve the developer's car park ownership and right to collect rental from residents, especially if it is a commercial development or a mixed integrated development. Owners need to refer to the earlier representation made by the developer to see if the car park was actually promised to them for free and is part of their unit. If the developer indeed rightfully owns it, the developer can certainly impose rental and control access.

**Who owns the external façade of a building? Can the developer allocate a portion of it to tenants and allow them to change the appearance of the external wall, including putting up advertisements on it without paying rental to JMB/MC?**

Generally, the façade of the building is part of the common property in any strata development. However, it is technically possible for the façade to be owned and be issued as part of a strata title based on the expertise of the submitting surveyor.

The boundaries of the allocation of the external wall will be clearly marked in the strata title in the submission document. Tenants could then put the advertisement at the allocated space without paying rental.

**The MC of a condominium has got a court order to auction the unit of a defaulter owner who owes big sums of service charges due to the MC for years. Can this owner now apply to the court to set aside the auction order and to dispute the sum owed, though he never disputed with the MC in the past and his name has appeared on the defaulters list throughout the years? In this case, what is his chance of success? And, should**

**the MC fight this legal case to the highest level?**

To auction the property in this context is something that the official assignee does after the owner has been adjudicated a bankrupt. Therefore, it is not setting aside the judgment but rather the bankruptcy. To do so, the owner must have very good evidence and justification.

Everyone is entitled to exhaust the civil court system including the right to appeal against earlier judgments. Settlement is also a right of both the litigating parties should they choose to settle amicably.

**Are there any restrictions on the AGM to be held during weekends or weekdays? What if the MC holds meetings when most owners are not able to make it?**

An AGM can take place anytime and on any day and there is no restriction against having it on a weekday or weekend. Generally, an AGM should be set on a day with the potential of optimum participation of all owners. As an owner, you can lobby for an EGM to overturn this and collectively with other concerned owners make a point to participate.

You can seek help from the COB or even refer this matter to the Strata Management Tribunal should the AGM seems designed to discourage participation.

**The developer did not form the JMB within 12 months upon vacant possession (VP). To urge the developer to form the JMB, a group of owners set up a pro-tem committee to request a meeting with the developer. However, the developer has ignored our request. What can we do other than complain to the COB?**

The COB can actually order the developer to convene the first AGM of the JMB. You can also refer this

matter to the Strata Management Tribunal.

**My seven-year-old apartment has some cracks on the outer wall and rain water has begun to seep in, affecting some apartment units. The developer has refused to repair it as the building has passed the liability period of two years upon VP. What can we do?**

First of all, you should engage a professional building inspector to produce evidence that the building was not built in accordance to the acceptable building standards and that the crack is the result of such non-compliance. With that, you can then start a civil claim against the developer.

**I'm on the committee of the residents' association (RA) in an individual-titled guarded-and-perimeter-fenced community. Recently, strata-titled townhouses (within the same boundary and sharing the same entrance/exit, boom gate and common playground) were handed over to the strata owners. My question is, can the same RA manage both the individual and strata owners at the same time?**

If the strata owners agree, the RA can continue to manage the part of the community outside of the strata development. Within the boundaries of the strata development, it is strictly the prerogative of the strata owners and the RA has no right at all.

**Is there any act that allows an RA to demand unoccupied house owners (individual and strata-titled) to pay their security fees and to charge late payment interest?**

No. RA is purely voluntary and only has power over its members who subscribe to the governance of its very own constitution.

## Dr Lim Lan Yuan

**Do I need to inform the management if I want to rent out my property via Airbnb? Does the management have the right to stop me from renting my unit through Airbnb?**

There should not be any restraint on any strata unit owner with regard to their ownership rights to sell, rent, mortgage, etc. There is therefore no need to obtain approval to sell or rent the owners' premises.

The control of whether the owners can use their residential units as a "hotel" is with the planning authority which governs the property use, that is, whether the authority allows short-term lodging businesses such as Airbnb in a residential strata development.

**Is there any law in Malaysia that regulates property managers?**



**Are there any regulations under the Strata Management Act (SMA) 2013 that state a property must be run by a property management company and not an individual property manager?**

It appears there are a few bodies that govern the work of a property manager. The Board of Valuers, Appraisers and Estate Agents is

one such body that acts as a regulatory body for property managers.

"Property management" is defined in the Valuers, Appraisers and Estate Agents Act 1981 (as amended). A "property manager" means a person, a firm or a company. There is also no mention in the Strata Management Act 2013 that a property manager should be an individual person or a company. The tasks of a professional property manager are wide-ranging and diverse. Hence, the property management services are often offered by a company rather than an individual. In practice, the management body is likely to prefer management by a company than an individual with limited resources.

**The Management Corporation (MC) of a condominium has got a court order to auction the unit of a defaulter owner who owes big sums of service charges**

**due to the MC for years. Can this owner now apply to the court to set aside the auction order and to dispute the sum owed, though he never disputed with the MC in the past and his name has appeared on the defaulters list throughout the years? In this case, what is his chance of success? And, should the MC fight this legal case to the highest level?**

The court will decide based on the evidence available. The owner will have to prove that the amount owed by him is not the amount as claimed. The chance of success would depend on the strength of the evidence, how the case is being argued and the determination of the legal provisions.

However, litigation should always be the last resort to resolve disputes in an MC in view of the costs involved and the damage it would cause to the relationship of the residents in

the community. Therefore, if there is an offer for settlement, it should be explored. The MC would have to weigh the pros and cons of going all the way to the highest court.

**Are there any restrictions on the annual general meeting (AGM) to be held during weekends or weekdays? What if the MC holds meetings when most owners are not able to make it?**

Residential MCs should preferably hold the AGMs either during the evenings on weekdays or weekends, as this is the most convenient time and day where most owners can attend the meeting; for commercial MCs, the AGMs can be held during weekdays.

In situations where the majority of owners are not able to attend the AGM, they may want to consider bringing the matter to the Tribunal for the MC to reconvene the AGM.

## PROPERTY MANAGEMENT SYMPOSIUM 2017

## Q&amp;A WITH THE SPEAKERS

## Sarkunan Subramaniam

**Is it legal to renovate the balcony of strata units, such as installing window panels or sealing it up with concrete? Does the local council have the power to approve such renovations?**

No, it is not legal. You are not allowed to alter the façade. Please refer to the Third Schedule, Clause 29 of the Strata Management Act (SMA) 2013.

**The Management Corporation (MC) of a condominium has got a court order to auction the unit of a defaulter owner who owes big sums of service charges due to the MC for years. Can this owner now apply to the court to set aside the auction order and to dispute the sum owed, though he never disputed with the MC in the past and his name has appeared on the defaulters list throughout the years. In this case, what is his chance of success? And, should the MC fight this legal case to the highest level?**

In this case, the owner can appeal, but his chances may be slim. It is best to refer the matter to a competent lawyer.

**Are there any restrictions on the annual general meeting (AGM) to be held during weekends or weekdays? What if the MC holds meetings when most owners are not able to make it?**

There is no specific day or time stipulated in the Act as to the calling of the AGM. Usually the Joint Management Body (JMB) or MC prefers the weekend as it does gather more participants. A resolution could be made at the AGM as to the time or day of future AGMs.



**Is there any Act that allows a Resident's Association (RA) to demand unoccupied house owners (individual and strata-titled) to pay their security fees and to charge late payment interest?**

There is no Act for RA, so I suggest the matter be referred to a competent lawyer regarding enforcing payments for security, etc. I believe it would not be possible.

**Do I need to inform the management if I want to rent out my property via Airbnb? Does the management have the right to stop me from renting my unit through Airbnb?**

The matter is not regulated. The property management cannot prevent you but they could possibly add a new bylaw on the matter through an AGM/extraordinary general meeting (EGM), which you will have a right to vote on.

**What are the disadvantages of subscribing to credit tip-off services (CTOS) in order to increase monthly service charges for condominiums and apartments?**

There is no disadvantage in subscribing to CTOS. However, it may increase the cost so it's better to check the cost and get it approved in an AGM/EGM.

**Some bylaws on renovations and façade maintenance were passed during an AGM, but some residents did not abide with the bylaws. One penthouse owner drilled and hacked the beams and pillars of the unit to construct an additional floor to seal off the air well; some owners sealed their balconies with glass panels and had their air-conditioning compressors indiscriminately fixed, drilled and some even hacked the beams and pillars. There was no action taken by the developer. Can we use the bylaws against these unit owners although the "illegal" renovations took place long before the coming into effect of the bylaws? What actions can be taken on the property management company?**

First, if there is written approval in place from the developer, chances are action cannot be taken against them unless the renovation does not conform to Building Bylaws by the local council. It's best to get legal advice.

Second, it's best to terminate the property management company as it would be difficult to prove that they were negligent in approving the renovations unless there were clear guidelines set earlier.

On the damages caused to the building, the cost to rectify will be borne by the owners who are found to be in breach. I advise you to get legal advice and seek an order of court.

**There is an increasing number of foreigners moving into the condominium and residents are worried for their safety. Can the JMB/building management issue a notice to all property owners to stop investors from renting out to a specific group of people or nationality?**

No, they cannot as this would be racial discrimination. My advice is

to hire an effective property management company and impose stricter rules.

**Is a property manager currently regulated under any Malaysian law? What is the role of the Malaysian Institute of Professional Property Managers (MIPPM) and what is the definition of "professional property managers"?**

The property management profession is governed by The Board of Valuers, Appraisers and Estate Agents Malaysia's (BOVAEA) Act where property managers are registered. However, the SMA 2013 allows non-registered persons to also provide the services, provided they lodge a bond.

MIPPM is a professional body for the interest of registered and non-registered practising property managers. Professional property managers refer to those who practise property management as a full-time profession.

**If the JMB of a condominium decides to engage an individual property manager instead of a property management company, are there any regulatory requirements for such an engagement, ie registration, qualifications, etc?**

The JMB or MC has the prerogative to hire anyone as a staff to help them manage the premises. If the JMB/MC hires a property management company which is already registered with BOVAEA, the company does not need to pay a bond equivalent to 12 months fee to the JMB/MC. However, if the company is not registered, then the JMB/MC should collect a 12-month bond from them.

Clause 87 of the SMA 2013 places some restriction on the hiring of managing agents who have professional or pecuniary interest in the building to be subdivided.

**Is there any regulation under the Strata Management Act 2013 that a property MUST be run by a company, thus direct engagement of an individual property manager by the JMB is not allowed?**

No, there is no such provision.

**Can a security company be the point of contact and act on behalf of the management company of the strata building for non-security-related complaints such as noise from neighbours or problems with common facilities?**

Usually, the report of the problems could be directed to the security office after working hours, but must be empowered or approved by the JMB/MC. If it is a major issue, the security company should call the property manager on standby.

**What is the standard practice for a property management of a strata building in the event that there are any urgent complaints or incidents that arise after their official working hours or during public holidays?**

It is usual for the property manager to be on standby and to come over and solve such incidents if the matter is critical. The property manager's line of communication during or after working hours for any emergencies must be pre-set. Usually, the security will alert the property manager.

**How can we find out about the property management company's past reputation, track record and reviews other than hearsay from previous strata building owners or residents?**

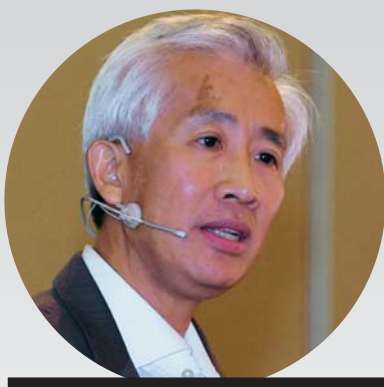
The JMB/MC should ask for references from the property managers during the tender period and visit the sites that they are currently managing.

## Anthony Lee Tee

**You mentioned that one in five apartments could be unsafe, can you elaborate on that? What kind of problems can cause a residential building to be unsafe?**

These are based on hundreds of actual inspections of properties throughout Malaysia carried out by accredited architects and mechanical and electrical engineers from 2008 until now. Types of properties inspected include strata units, strata common areas, commercial buildings or offices, mixed strata, hotels, factories, malls and private dwellings. Based on these sampling and findings, we estimate that one in five properties are unsafe.

Every property has some form of defect, depending on its age, maintenance, wear and tear. The defects can be classified into two categories — "straightforward defects" (which can be repaired, maintained or re-



placed) and "serious defects" (which have not complied with a bylaw, rule or requirement, and pose a clear and present dangerous condition to the property and lives if left unattended).

For high-rise apartments, unsafe issues are related to unregulated installation of residual current device units or circuit breakers, inoperable fire doors, usage of non-safety glass (safety glass is generally unregulated in Malaysia at this time), handrail

designs, bio-hazards from leaking bathrooms from the units above, mould from dampness and leaks.

Many mixed strata apartments such as those sitting on a commercial podium also suffer from serious unsafe issues related to fire and electrical hazards, and leaks and cracks which allow water seepage into mechanical and electrical (M&E) rooms.

The combination of design deficiencies, aesthetics over safety, many non-registered designers posing as registered architects, poor supervision, poor workmanship during construction, buildings poorly managed and maintained after completion, unregulated renovations and apathy have produced a deadly cocktail of unsafe properties.

**Is it legal to renovate the balcony of strata units, such as installing window panels or even sealing it up with concrete? Does the municipal council**

**have the power to authorise such renovations?**

Many regulations and house rules do not allow any form of renovation to balconies of strata units, unless a particular situation exists where an existing balcony is unsafe or for older properties where it may have rusted or fallen off. It is unusual for a municipal council to get involved.

**My seven-year-old apartment has some cracks on the outer wall and rain water has begun to seep in, affecting some apartment units. The developer has refused to repair it as the building has passed the liability period of two years upon VP. What can we do?**

This is a latent defect and depending on the actual root cause of the wall crack, the Joint Management Body (JMB) may have a recourse against the developer.

In the meantime, if the crack is letting water inside the apartment,

then unsafe conditions may exist, ie electrical installations exposed to dampness and water seepage. Also, the cracks may result in wall plastering falling off. Both are very typical and dangerous! Hence, JMB is recommended to engage independent inspectors to assess the current condition and root causes and make a recommendation.

**Is there a checklist on what we should be inspecting when we move into a new property?**

The checklist prepared by TheEdgeProperty.com in the story "Tips on how to inspect a property and avoid buying a lemon" which appeared in their pullout on Dec 2, 2016 is adequate for a new property.

However, the list becomes more complicated for common areas in strata properties. The list for the common areas must include all M&E installations and systems, fire protection and escape, façade, roof and facilities.

## Q&amp;A WITH THE SPEAKERS

**Tan Sri Eddy Chen****Is there any checklist for buyers to inspect their house before moving in?**

Usually the property purchaser's checklist is prepared by the developer in consultation with their engineers and architects. The checklist differs from project to project, whether it is commercial, industrial, residential, etc.

**Who or which authority can we complain to if property owners are unhappy with the building construction workmanship?**

The defects liability period (DLP) stipulated in the Sales and Purchase Agreement (SPAD) is a good provision for property purchasers to seek rectification/compensation from the developer in the event of building defects. As to poor workmanship, it is subject to the burden of proof, and the purchaser may be required to engage the services of a consultant (engineer, architect, etc) to verify and certify that the said building defect can be wholly attributed to poor workmanship on the part of the developer.

It should also be noted here that complaints of poor workmanship often also arise when purchasers have done renovations during the DLP, and the renovation works have not been done by authorised and registered contractors or not according to approved renovation plans of the municipal council. Many owners may not even know that all renovation plans have to receive prior approval from the Joint Management Body (JMB) or Management Corporation (MC) and the municipal council, and that the renovations must be in compliance with the Uniform Buildings (By Laws).

For an apartment owner, this is very technical and some rooms are off limits to unskilled people. Hence, once the JMB is formed, engage independent inspectors to assess the current condition and root causes and make a recommendation the soonest possible.

**I'm the owner of a new serviced apartment unit located at Ara Damansara. Would I be able to engage the services of a building safety inspector to inspect my unit before I move in?**

Please contact Architect Centre Sdn Bhd for an independent Property Inspection Report. We have conducted hundreds of such inspections.

**How many independent building inspection companies or bodies are there in Malaysia?**

As far as we know, only Architect Centre can claim to be an "independent body" as it belongs to the

**In SPA, can the developer place the ownership of all the car parks under the developer and not under the ownership of the JMB or MC? Can the developer collect rental, increase rental and restrict residents' usage of the car park?**

The clear identification of whether an area in the master title (ie building premises) is common property (which includes common facilities) will have to be made by the Registrar of Titles (Pendaftar Hakmilik), and this would have been clearly identified in the master title.

If the area discussed happens to be a car park, it would usually be considered as common property (harta bersama). If it is common property, then the developer would not be able to claim control over the car parks. However, if the car parks have been subdivided and issued as strata titles by the Registrar of Titles, then the car parks would be under the developer's control, in which case appropriate share units would have been allocated to the car parks, and the developer, like other strata owners, would also be required to pay maintenance charges to the JMB or MC.

As to whether the developer has the right to identify the car parks as property belonging to the developer

and can include them in the SPA, it is subject to the contract law principle of "caveat emptor" on the part of purchasers before they sign the SPA. The purchasers are at liberty to refuse signing the agreement if they disagree with this arrangement. Any dispute after signing the agreement, all the more so after the share units have been allocated for the car parks in favour of the developer, may be academic.

**Who owns the external façade of a building? Can the developer allocate a portion of it to tenants and allow them to change the appearance of the external wall, including putting up advertisements on it without paying rental to JMB/MC?**

The external façade of a building will usually be deemed as common property and would be under the jurisdiction of the JMB or MC. But this will have to be verified from the master title and from the building plans. It is highly unlikely that the external façade could belong to the developer, unless of course there is an extension or additional structure built by the developer for which share units have been allocated and the same has been identified as a strata parcel owned by the developer in the master title.

Advertisements by tenants are subject to house rules and that would differ depending on the category of use of the building (commercial, residential, mixed development). Rentals from such advertisements (banners, hoardings, etc) have to be paid to the JMB or MC if the external façade has been identified as common property.

**I'm a foreigner who bought a condo unit which was com-**

pleted five years ago but the strata title has not been issued yet. What can I do?

The Strata Management Act does not distinguish between cash buyers and foreign buyers. There are no special provisions in the Act for such buyers. Under the new provisions of the amended Strata Titles Act, all strata titles would have to be issued for buildings within 12 months of the issuance of the certificate of completion and compliance (CCC) by the building architect/engineer.

In fact, the law now requires the strata titles to be handed over to the owners when they receive vacant possession of the premises, in which case even the JMB need not be set up and the MC can function immediately. Complaints pertaining to strata titles and related issues may be made with the Strata Management Tribunal under the Ministry of Urban Wellbeing, Housing and Local Government (KPKT).

**Is it legal to renovate the balcony of strata units, such as installing window panels or sealing it up with concrete? Does the local council have the power to approve such renovations?**

Renovations to balconies, including sealing up the balconies, are not permitted and are illegal. They are contrary to the approved building plans by the municipal councils and are in breach of the Uniform Buildings (By Laws). Municipal councils will not authorise such renovations. The JMB or MC is empowered to take action against owners who have done illegal renovations such as these as they are provided for under the house rules of the building as seen in the Third Schedule of the Strata Management Regulations (SMR).

**The developer did not form the JMB within 12 months upon vacant possession (VP). To urge the developer to form the JMB, a group of owners set up a pro-tem committee to request a meeting with the developer. However, the developer has ignored our request. What can we do other than complain to the Commissioner of Buildings (COB)?**

The delay in forming the JMB can be caused by several factors, though the developer itself may be one of them. It could be due to the fact that the Building Maintenance Account has not been updated as there may be arrears of contributions due from purchasers. Or there may be technical delays with regards to the submission of documents for sub-division, and several other issues of a legal nature. It may be better for the purchasers to report to the COB, in the event that the developer is unwilling to meet the purchasers to seek an amicable settlement.

My seven-year-old apartment has some cracks on the outer wall and rain water has begun to seep in, affecting some apartment units. The developer has refused to repair it as the building has passed the liability period of two years upon VP. What can we do?

The developer's DLP is only two years after handing over VP to the purchasers. Building defects seen after the expiry of the DLP is not the responsibility of the developer. If such defects appear in the common property, it becomes the responsibility of the JMB or MC. If such defects appear in the individual units (strata parcels), then it is the responsibility of the owner(s) concerned.

**are hand-made, unlike a manufactured product, so some degree of defects is expected.**

However, latent defects like falling tiles, serious cracks and leaks are not contemplated and would not occur in the first place if the workmanship was done correctly to begin with! A building is meant to last a lifetime (depending on the intended lifespan of certain materials and installations) and not just for 24 months.

**Is the falling of wall tiles due to workmanship considered a latent defect?**

Yes. Unless the owner did some modifications or alterations. The occurrence of falling/popping tiles has become a systemic defect in Malaysia, and we conduct dedicated Kisah Benar Training Courses for developers, contractors, consultants and property managers just for this one very widespread issue. Falling wall tiles and popping floor tiles at staircases are unsafe.

Agreement. Individual owners may contact the National House Buyers Association and find recourse from the Housing Tribunal.

Collectively, when the JMB is formed, many JMBs have taken similar matters to the courts and relied on independent reports.

Next time, always do your due diligence and background checks on the reputation of developers, and be prepared to walk away regardless of how good the location, selling price, freebies, show house or glossy brochures that may entice you. A property is a lifelong investment and the condition of the property should be equally so.

**If a latent defect shows up after the defects liability period (DLP), is there any scope for making a claim? If yes, what is the time limit?**

This is a very common condition faced by purchasers. If the defects show up after the DLP but the

purchaser had previously complained about it, then he or she has a good case, ie the original defect was not repaired properly during the DLP.

However, if it is a new defect, then the root cause of the defect must be established. If the root cause indicates a deficient condition due to shoddy workmanship that was hidden, then the purchaser has a case to bring up. However, the root cause is usually technical and requires an independent inspection report.

The statute of limitations is six years in Malaysia from the time of discovery/complaint. What this means is — if a latent defect shows up in the 10th year, the owner may have up to six years to file a claim. There are several court cases for similar issues in Malaysia.

The fundamentals for the two years of the DLP is to address issues with shrinkage and minor defects as the building "dries" up. Buildings



# Symphony Life's project at Bandar Sunway to tap on student population

BY LUM KA KAY

PETALING JAYA: Symphony Life Bhd is set to launch its Small-office Home-office (SoHo) development called Union Suites @ Bandar Sunway, Selangor targeting property investors and young working professionals.

Scheduled for launch next Saturday (April 22), the project is on a 2.62-acre leasehold site adjacent to Sunway South Quay in Bandar Sunway. Union Suites comprises 626 SoHo units in a 42-storey tower. The project has a gross development value of about RM432 million, according to Symphony Life's chief operating officer Stewart Tew. "We completed the acquisition for this piece of land in mid-2016 and we have already commenced construction because of our confidence in it. It is slated for completion in early 2021.

"We began the preview of this project at end-February to potential buyers and we have received about 200 bookings in the past month," he told TheEdgeProperty.com.

Each unit comes fully furnished and offers built-up sizes ranging between 463 sq ft and 1,445 sq ft. Prices will start from RM880 psf, said Tew.

"Knowing the market conditions, we manage our expectations by having more realistic targets. I think a 70% take-up rate for Union Suites in 12 months is pretty realistic," he added.

Upon the project's completion, the 5,000 sq ft 2-storey sales gallery at the site will be turned into a retail space for lease, he added.

## Tie-up with student accommodation operator

"Basically, we have studied the location and its surroundings and found that it is at the heart of an education hub where the top universities are located.

"So Union Suites is designed specifically for the younger generation and this is also where the collaboration with a reputable student accommodation operator Uncle James Hostel comes in to tell us what the students like, their lifestyle and the facilities that they like.

"For investors, it is a hassle-free purchase because all units are fully-fitted while for young working professionals, they can move in with just their luggage," he said.

Formerly known as Bolton Bhd, Symphony Life is confident that the project will be well-received due to the high demand for student accommodation in Bandar Sunway.

"We also did a study on the student population in Bandar Sunway and it is about 60,000. So it is a huge population and there is still demand [for student accommodation]. The current asking rental per bed in this area is about RM900," said Symphony Life general manager for sales and marketing Angela Ong.



Tew (right) and Ong said Union Suites is designed specifically for the younger generation.

Tew concurred, noting that the high demand for student accommodation in Bandar Sunway will translate to rental yields of between 5% and 7%.

"And four years down the road when Union Suites is completed, the asking rental might have increased by then," he added.

Ong added that Union Suites is a well-connected project, as it is accessible by six major highways: Damansara-Puchong Ex-

pressway, New Pantai Expressway, Shah Alam Expressway, New Klang Valley Expressway, Federal Highway and the North South Expressway Central Link. The project can also be accessed via light rail transit and Sunway bus rapid transit.

"Also, aside from the usual amenities, we have a futsal field on the ground floor while on the seventh floor there is a boxing ring and an infinity pool. The gymnasium, yoga deck and sky garden are

located on the top floor at level 42," she added.

## Upcoming developments

On other developments, Tew said Symphony Life will commence construction of The Wharf Mall in Taman Tasik Prima, Puchong by 2H2017. The mall has a gross floor area of 300,000 sq ft. Symphony Life intends to retain the mall as an investment property.

"For the 400-unit single apartment block above the mall, we are still assessing the market before launching it maybe by the end of this year or early next year," said Tew, adding that the GDV of the project is about RM170 million.

Next year, Symphony Life is looking to launch two high-rise residential projects, one in Mont'Kiara, a serviced apartment project currently dubbed MK2 located next to the developer's duplex condo project TWY, which has been fully sold. The other is condo project Signal Hills in Kota Kinabalu, Sabah. The projects have a GDV of RM400 million and RM500 million, respectively.

Tew added that the developer observes many people are still looking to purchase a property, so he believes this is the right time to launch Union Suites.

"The [property] market is in consolidation mode and investors are picky about the products but still it is a good time to buy because developers are giving out many incentives to buyers.

# Stellar World to launch first serviced suites at The Gateways

BY NATALIE KHOO

PETALING JAYA: Property developer Stellar World Sdn Bhd is set to launch the first serviced suites project at The Gateways integrated development in Perak this Saturday (April 15).

Located at Pengkalan Hulu, Perak along the main international Malaysia-Thailand border crossing that connects to Thailand's southernmost town of Betong, the 151-acre The Gateways is a significant tourism-centric integrated development within the country's northern development corridor. This project is being developed by Selangor-based Stellar World and Pak Chun Group.

"There will be a total of 144 serviced suite units with built-ups ranging from 344 sq ft to 459 sq ft. Prices start from RM198,000," Stellar World executive director Steve How told TheEdgeProperty.com. How noted that the leasehold project will be managed like a hotel targeting tourists and business travellers from Malaysia, Thailand and Indonesia. It is in talks with Sherwood Hotel

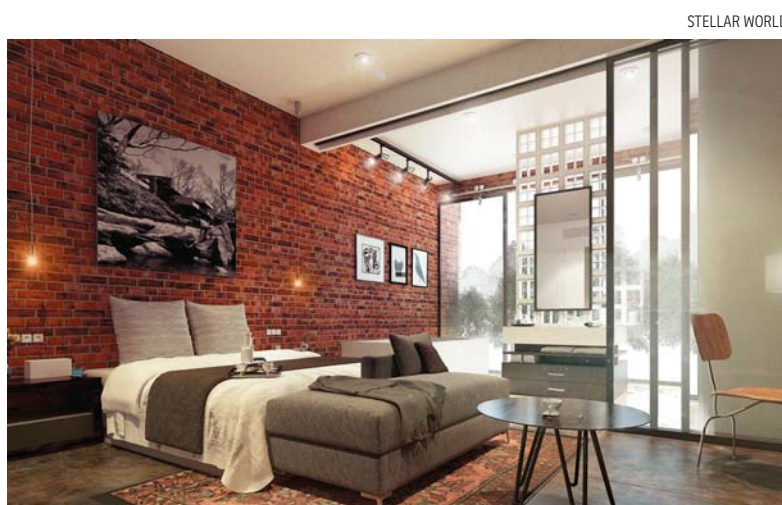


How: We are developing The Gateways as a new travel destination for Malaysia and Thailand.

Management Sdn Bhd to manage the serviced suites.

The first phase of The Gateways comprises the serviced suites, 80 retail units and a duty free shopping mall, all on a 7.8-acre site. The first phase has an estimated gross development value (GDV) of RM70 million.

"Our construction for the commercial component of phase 1 is now about 70% to 75% complete



An artist's impression of the upcoming serviced suites.

while the piling for the serviced suites have been completed," said How.

"We were working with the Perak Economic Planning Unit (UPEN) to get our project recognised in the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) Implementation Blue Print for 2017-2021. Just last month our representative from UPEN Perak visited Bangkok and lobbied on our behalf so that

the governments and the individual businesses of Indonesia, Malaysia and Thailand play a role with us in developing The Gateways. And we have gotten the approval," How added.

How noted that as part of its marketing strategy, it plans to unveil the serviced suites in conjunction with the Songkran water festival this weekend in Sungai Buloh, Selangor. "Songkran is supposed to be a

prosperous and fun festival in Thailand. At the Gateways the project is not only about GDV and how it will benefit the economies of Malaysia and Thailand. It is also about blending the cultures and allowing people to create and share new and memorable experiences. So we thought of using the Songkran festival to show that we can share the Thai culture with Malaysia which is what we will do when The Gateways is developed.

"We are developing it as a new travel destination for Malaysia and Thailand," said How.

On the market outlook, How said banks are still cautious and prudent in extending loans and this will prolong the slowdown in the property sector.

"However, we believe people and the banks are always looking for opportunities including properties in mature locations as well as good projects in potential growth areas.

"As long as the market is not too heavy in supply, there will still be plenty of opportunities for property buyers and investors," said How.



# Eupe redesigns Cheras residential project

BY LUM KA KAY

KUALA LUMPUR: Kedah-based Eupe Corp Bhd has redesigned and renamed its serviced apartment project in Cheras previously known as "The Weave" to "Parc 3". The change was made in order to develop a product which fits better with the current market conditions, said group managing director Datuk Beh Huck Lee.

The 2.7-acre leasehold development has an estimated gross development value (GDV) of RM500 million and is located in Taman Pudu Ulu, overseeing the 60-acre Pudu Ulu Recreational Park.

Targeting a wide range of homebuyers, the developer is looking to launch Parc 3 by 4Q2017. According to Beh, Parc 3 will provide those who are looking to dwell in Cheras a different housing option as most homes in Cheras are landed ones, which may not be affordable to young professionals.

"We are not only offering a product based on pricing but also providing more options for homebuyers."

"With the current [market] condition, [Parc 3] gives a good balance between yield and liveability. Previously, we were targeting people who want to live there with their extended families. Now we

are targeting smaller families and people who are looking to move to Cheras.

"One of the main aims of the redesign has been to increase the number of smaller size units to cater to a broader segment of the market and also in recognition of changed market conditions which has made buyers more discerning and price-conscious," he told TheEdgeProperty.com.

However, the developer declined to disclose the price range for Parc 3, only saying that the pricing "will be very competitive in the Cheras area considering the design and facilities offered."

"It will be designed around a park concept as there will be three interior parks in the building to [complement] the large Taman Pudu Ulu recreation park that is adjacent to the project. The quality of the architectural design, facilities and unit features will remain high," said Beh.

The developer will also launch its updated sustainability strategy called Sustainability Plus, during the upcoming launch of Parc 3.

"Sustainability Plus is not a marketing gimmick. We believe in taking a long-term view of the industry, so sustainability has to be taken in a wider context."

"This means going the extra mile to come up with good designs that will enhance

liveability. We always talk about green buildings, but have you ever thought about who will change your property's solar panels after five years?"

"Thus, we focus a lot on passive design where not much maintenance is required. Creativity [or innovation] isn't about how much money you have to spend [in developing a property]," said Beh.

Meanwhile, the Kedah-based developer's maiden project in KL, Novum in South Bangsar, has seen good take-up rates since it was launched a year ago. The condominium project has achieved about 90% take-up to date.

"I don't want to be overly optimistic as the market changes every day but the good take-up rate of Novum has certainly boosted our confidence," said Beh, adding that Novum is slated for completion by May 2019.

The freehold Novum South Bangsar is being jointly developed with Aestetik Property Group. It comprises 729 units across three towers. The three-acre project faces the Federal Highway and is less than 3km away from Mid Valley City.

The project has a GDV of RM555 million. Prices for the units with built-ups from 647 sq ft to 1,441 sq ft range from RM720,000 to RM1.73 million, or RM900 psf.

## On Sungai Petani, Kedah

For 2017, Eupe is looking to launch a total of RM600 million worth of projects in both KL and Kedah. It still has a landbank of about 400 acres in Kedah. "Kedah houses are definitely a lot cheaper, easily 20% to 25% cheaper [than houses in major cities]. But you should not generalise housing prices in Kedah because prices are different across towns. For example, houses in Baling are more expensive than the ones in Sungai Petani."

"But during a boom market, Kedah will never have the same kind of upside potential as KL. [Hence] we know that we cannot put all of our eggs in one basket."

Beh: One main aim of the redesign is to increase the number of smaller size units to cater to a broader segment of the market.



MOHD IZWAN MOHD NAZAM | TheEdgeProperty.com



Artist's impression of Novum @ South Bangsar.

EUPE CORP

"[Having said that] our forte still lies in township developments, where we have the upper-hand of having developed townships in smaller cities in Malaysia. So when the market slows down, we have these areas (such as Kedah) to help us hold the fort. We don't think we would forgo whatever we have in Kedah," he said.

Among its ongoing projects in Sungai Petani are The Somerset, Cinta Sayang Resort Villas and Astana Parkhomes with GDVs of RM80 million, RM160 million and RM430 million, respectively. New phases for these projects will be launched in stages this year.

## No more China ventures for now

On its earlier plans to expand into

China, Beh said those plans are now off due to slow market conditions.

"For now, we want to consolidate and do our jobs here [in Malaysia] over the next few years but should there be any good opportunities overseas, we will definitely look at it," said Beh.

Eupe's director for strategic projects Paul Chang said the Chinese market is not as simple as it seems.

"China isn't a single market. It is made up of multiple markets in different cities. In terms of overhang, there isn't much in cities like Shanghai and Beijing but it is completely different in third-tier cities. So for us to go into this kind of market, we will have to compete with the big boys and if we cannot get the resources we need, it won't work [for us]," he noted.

# S P Setia's Trio achieves 60% take-up over weekend launch

BY LUM KA KAY

PETALING JAYA: S P Setia Bhd's first foray into Bukit Tinggi, Klang has been well-received. The first tower of serviced apartments at its integrated development Trio by Setia has achieved 60% take-up over its weekend launch on April 8.

The 46-storey Tower A comprises 426 units of serviced apartments with built-ups ranging from 656 sq ft to 1,216 sq ft. Prices start from RM412,000.

"I am very pleased with the take-up rate. The response from property buyers is better than expected."

"Our target was to sell most of the first tower within this year while the second tower launch is planned for 2018," S P Setia divisional general manager for niche developments Paul Soh Hee Pin told TheEdgeProperty.com.

Located on a 5.49-acre freehold site facing the main artery road of Jalan Langat, which runs through Klang town to Bukit Tinggi, Trio has a gross development value of RM517 million.

Targeting first-time homebuyers and young adults seeking an integrated lifestyle within the Klang vicinity, Trio houses 914 units



(From left) S P Setia head of department (technical) Takrimi Ahmad, Malaysian model Amber Chia, Soh, Malaysian actress Debbie Goh, S P Setia sales and marketing senior manager (niche development) Lisa Ooi and deputy general manager Kam Tek Kong at the official launch of Trio.

S P SETIA

of serviced apartments across three towers as well as 42 units of three-storey retail units.

Facilities include a wading pool, sunken deck, viewing deck, yoga deck, gymnasium, playground and multipurpose hall.

Trio by Setia is a participating project for S P Setia's 10:90 scheme whereby purchasers pay only 10% upon signing the Sale and Purchase Agreement and pay the balance 90% after the completion of the property.

Construction for Trio will commence in 2Q2017 with targeted delivery by 4Q2021.



# Xi's stamp of approval fuels frenzied hopes for new China economic zone

BY YAWEN CHEN & ELIAS GLENN

Like many residents of Xiongxian county, a polluted corner of Hebei province, 17-year-old Liu Zipeng has been giddy with excitement since China announced plans this month for a vast new economic zone backed by President Xi Jinping himself.

"I am so happy — I don't need to move to Beijing or worry about getting a wife anymore," Liu said with a laugh.

Such are the hopes for the area, about 100km southwest of Beijing, that authorities quickly banned property sales to quash a speculative frenzy.

While China has set high expectations by touting the Xiongan New Area as a successor to zones in Shenzhen and Shanghai that helped make China an economic powerhouse, the force of Xi's endorsement could help it flourish where other new development areas have failed to match the hype.

In a sign of Beijing's intent, Xu Qin, the former mayor and Communist party boss for Shenzhen, was named acting governor of Hebei province last Friday, with analysts saying it is likely he will be tapped to lead the development of Xiongan.

Once a sleepy fishing village, Shenzhen, bordering Hong Kong, became an economic juggernaut after being declared a special economic zone in 1980.

Details for Xiongan, planned eventually to stretch across 2,000 sq km, an area almost as big as Tokyo, remain sketchy. It is pitched as an environmentally friendly city housing some of Beijing's relocated "non-capital functions", with hopes to attract high-tech industries.

Nearly 30 large state enterprises including PetroChina and China Shipbuilding Industry Corp have expressed interest, though no specific relocation plans have been announced.

The three counties that make up the area, Xiongxian, Anxin and Rongcheng, are home to about a million people as well as wheat fields, light manufacturing and heavy pollution, endemic in much of Hebei.

But unlike Shenzhen and Shanghai's Pudong, the development of Xiongan is not



An ancient gate over a street in Xiongxian county, one part of the new special economic zone Xiongan New Area, Hebei province, China.

expected to be accompanied by major economic reforms, and its landlocked setting is a transportation disadvantage.

"Natural market forces would probably not have chosen this place. But if the central government backs it with unlimited resources, it could become whatever it wants to be," said Steven McCord, head of research for North China at real estate consultancy Jones Lang LaSalle.

The plan fits into a broader regional integration push for the cities of Beijing and Tianjin and Hebei province, dubbed Jing-Jin-Ji, which has been spearheaded by Xi since 2015 to tackle the "big city disease" plaguing Beijing, a crowded and polluted city of 22 million.

But Jing-Jin-Ji's progress has been slower than hoped.

"It's been hard to get traction for Beijing, Tianjin, and Hebei to work together seamlessly," McCord said.

Xiongan could be a political and geographical "clean slate" to generate more jobs and economic stimulus for North China, he said.

Xi himself visited Anxin county in late February, which only became public when Chi-

na announced plans for Xiongan on April 1.

Morgan Stanley's base scenario foresees 133 billion yuan (RM85.4 million) in additional fixed asset investment annually over 15 years to build Xiongan, equivalent to just 0.24% of China's 56.2 trillion yuan of nationwide fixed asset investment last year.

## Mixed record

While the Shenzhen and Shanghai economic zones thrived, some similar schemes in China have fallen short of expectations.

Caofeidian, also in Hebei, was promoted by former President Hu Jintao as a new industrial zone in 2008, but development foundered as debt accumulated.

Authorities have been trying to give Caofeidian another push to upgrade its industries to become a driver of Jing-Jin-Ji's integration, but competition among provinces has been a drag on progress.

"Caofeidian had central government support, but it was a long way from being a national-level special economic zone. Its importance was definitely not at the same level that Xiongan is seeing now," said He Jun, head of macroeconomic research at Anbound Consulting.

PICTURES BY REUTERS



A man stands next to tombs in the field on the outskirts of Rongcheng county.

"Xiongan's biggest advantage is that it has strong support from the central government."

He remains doubtful that Xiongan will emulate Shanghai or Shenzhen due to its geography and the greater openness of China's economy now, but the political leadership seems intent on making it succeed.

Among the architects of the new project is Xu Kuangdi, the mayor of Shanghai in the late 1990s who also heads the advisory committee for Jing-Jin-Ji.

The leadership make-up is intended to ensure Xiongan would "escape past failures," said Liu Ying, a researcher at Renmin University's Chong Yang Institute for Financial Studies.

Not everyone in Anxin is cheered by the prospect.

An Anxin restaurant owner in her 50s named Liu said she checks social media constantly for updates, as she fears being forced out of the spacious villa built on her farmland.

"I don't think it is necessarily a good thing for me. Our lives are pretty good right now."

Down a street next to fields of withered wheat, workers loaded a truck with plastic pipes, a major local industry.

"The establishment of the new zone for sure will limit us further as we do pollute the environment to some degree," said Zhao Xiaodong, owner of Jitong Plastic.

But most locals are optimistic.

"If president Xi thinks it will be the next Shenzhen and Shanghai, then it will be," said Mrs Shi, a shop worker in Xiongxian. — Reuters

## Airbnb signs dozens more tax agreements in the US, France

BY HEATHER SOMERVILLE

Airbnb has reached new deals with dozens of jurisdictions in the US and France to collect and pay taxes, doubling down on its effort to improve its image with local policymakers even as it faces regulatory challenges around the world.

Airbnb, the short-term rental service that offers a website where homeowners can rent out a room or their entire property, has collected US\$240 million (RM1.061 billion) in hotel and occupancy taxes since it was founded in 2008, remitting them to the jurisdictions where the company has agreements, Airbnb spokesman Nick Papas told Reuters.

The most recent tax agreements, formally

announced by the company recently, came in eight US cities and counties, the state of Texas and 31 cities in France, making for a total of 275 agreements, Papas said. The taxes, which Airbnb says are at the same rate paid by hotels, will be collected beginning May 1 for the newest agreements. More than half of Airbnb's US listings are in communities where the company collects and remits taxes, Papas said.

Chris Bryan, a spokesman for the Texas comptroller, said Airbnb approached Texas with the offer to pay taxes.

"The state saw this as the most efficient way of bringing these people into tax compliance rather than going after thousands and thousands of homeowners," he said.

Texas is the 20th US state with which Airbnb has a deal. Seeking agreements with

more states allows the company to avoid the thorny local politics in cities where it faces opposition.

It is still unclear how successful Airbnb will be in collecting and remitting all the taxes it had pledged because many of these agreements are less than a year old. Critics of the deals have questioned how local officials could have enough data on Airbnb hosts to verify how much tax the company ought to pay.

Airbnb's push to address taxes has helped to weaken one of the arguments made by the hotel industry against the company's growing presence in major cities.

But the tax agreements have not quieted critics' concerns that Airbnb, valued at US\$31 billion, has exacerbated housing shortages and brought unwanted traffic into neighbourhoods.

In April, Airbnb reached an agreement with Miami-Dade County in Florida to collect taxes but the mayor of the city of Miami Beach, part of Miami-Dade County, remains a vocal opponent to Airbnb. The city allows Airbnb in areas that are zoned for short-term rentals but not in residential neighbourhoods, said Mayor Philip Levine.

"When you bought a house you didn't bargain on having a nightclub next to you," he said. "You relied on having the zoning of the city protect you."

Airbnb said last year it collected US\$19 million in taxes in San Francisco, US\$7 million in San Diego and US\$3 million in Chicago.

Several cities declined to confirm how much tax Airbnb had paid, citing taxpayer confidentiality rules. — Reuters



ST. REGIS HOTELS &amp; RESORTS

### ST REGIS LANGKAWI, MALAYSIA

When it opened nearly a year ago, the St Regis Langkawi introduced Andaman Sea-facing hammock floors off the back deck of its pan-Asian Kayu Puti restaurant; they've proved so popular they were built into every one of the 77 overwater villas at the just-opened St Regis Maldives.

"The closeness to nature that these floors provide is really special," said Lisa Holladay, global brand leader of St Regis Hotels & Resorts, who noted that they're also gold mines on social media. "We've been excited to see the hammocks appear as the ultimate Instagram picture!" Rooms in Langkawi from US\$650 (RM2,875) per night.

## This weird hammock is the hottest new amenity at luxury hotels

BY NIKKI EKSTEIN

**C**lose your eyes and think about the most relaxing place in the world. Is it a private pool overlooking a volcano in Costa Rica? An outdoor massage table in Mexico? The top deck of a yacht in the South Pacific?

All of those (very good) answers might just be out of date.

In 2017, it's all about hammock floors, or small trapeze nets built into the bottom of your patio, rather than slung from trees. The design takes a cue from the catamaran, whose seating almost always comes in the form of an aerodynamic net that acts like a stretchy sundeck on the back of the boat.

The advantages over traditional ham-

mocks are plentiful. First, there's no limit on how large you can make one, since each is custom-built (which makes cuddling up a lot more convenient). Then there's the fact that you can build a hammock floor on almost any overhang, regardless of whether there are trees or walls to serve as structural support. (Think: the private pool deck of an overwater bungalow, or a dizzying perch high up in a treehouse.) They're made of bouncy, tightly woven netting, making them feel almost like trampolines (which means you won't be laying on knotty ropes). And maybe the icing on the cake: You don't have to awkwardly climb in (tipping over into a net is easier and more fun).

Here's where to find them, from Bora Bora to the Dominican Republic. — *Bloomberg*



SONEVA

### SONEVA JANI, MALDIVES

Hotelier Sonu Shivdasani calls the hammock floors in his properties' overwater bungalows "dream zones," and with good reason: There's nothing quite like dozing off as you're dangled gently over lapping waves. But there's also something to be said about the ones he built into the outdoor movie theatre and bar at Soneva Jani, where the ledges of the hammocks double as cocktail tables. "It acts as a very informal gathering point," he said, "but can also make for a romantic cocktail experience." Sundowners have never been so sweet. From US\$1,870 per night.



CONRAD HOTELS &amp; RESORTS

### CONRAD BORA BORA NUI, BORA BORA, FRENCH POLYNESIA

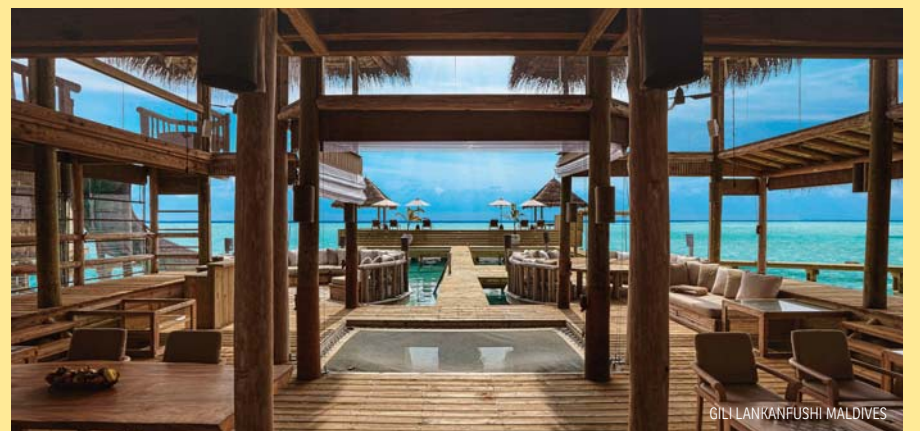
It's the first five-star resort to open in Bora Bora in a decade, but the Conrad Bora Bora Nui was worth waiting for. It debuted with 86 overwater bungalows — each outfitted with customisable pillow menus, massive soaking tubs, and yes, hammock floors on the private decks. "Any resort worldwide provides sun beds," said Daniele Venuti, regional director of sales and marketing. "Within a few years, most of the beach resorts will probably feature overwater hammocks, too, and we'll be thinking about something newer." From US\$880 per night.



FOUR SEASONS GOLDEN TRIANGLE

### FOUR SEASONS GOLDEN TRIANGLE, CHIANG RAI, THAILAND

The new Explorer's Lodge at this five-star elephant camp is possibly one of the most beautiful places to stay in all Thailand: The two-bedroom suite spreads across two pavilions, each surrounded by jungle thickets and flanking a full-sized private pool. The most novel features are the built-in hammock floors that line an entire side of the compound, acting like a sunken deck. Dive in early in the morning and watch the sun rise while you listen for elephants rumbling in the distance. From US\$5,008 per night, sleeps four.



GILI LANKANFUSHI MALDIVES

### GILI LANKANFUSHI, MALDIVES

This hotel claims to have the largest overwater villa in the world — the "Private Reserve" structure clocks in at a whopping 18,300 sq ft. Naturally, it has every bell and whistle in the book, hammock floor included. Also on the amenity list: a private cinema, a spa, and a two-storey waterslide that plunges directly into a fully private lagoon. From US\$14,700 per night, sleeps eight.



GANSEVOORT TURKS + CAICOS

### GANSEVOORT TURKS AND CAICOS

Most properties on this paradise island put the focus on the pearl-white sand beaches and turquoise waters — and so does Gansevoort, which has been a mainstay since opening in 2009. But its new villas, which will go online for rentals later this year, sit on the edge of a bluff, with hammock floors built into overwater terraces that stretch down into untouched waters. From US\$8,000 per night.

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**LAUNCHES + EVENTS**



**Semanja Kajang show unit opens**

**Date:** April 15 and 16 (Sat and Sun)  
**Time:** 10am to 6pm  
**Venue:** Semanja Sales Gallery, No 15, Jalan TTDI Grove 7/1, TTDI Grove Square 2, Kajang, Selangor  
**Contact:** (012) 213 8533  
Yuwang Group will be unveiling the show unit of Park Terrace homes at Semanja Kajang. Prices are from RM760,000. Visitors can grab some food from the food trucks and picnic at the landscaped park next to the show unit.

**Songkran Music Festival 2017**

**Date:** April 15 (Sat)  
**Time:** 10.30am to 7pm  
**Venue:** T6 Light Grey, No 29, Jalan LGSB 1/1, Pusat Komersial LGSB, Off Jalan Hospital,

Sungai Buloh, Selangor  
**Contact:** (03) 6142 1218  
Stellar World, the developer of The Gateways, invites all to attend the Songkran Music Festival and enjoy DJ performances, a live band music performance, water war games and game booths.

**Sunsuria City Fest**

**Date:** April 22 and 23 (Sat and Sun)  
**Time:** 10am to 10pm (Sat); 10am to 5pm (Sun)  
**Venue:** Celebration Centre @ Sunsuria City, Persiaran Sunsuria, Bandar Sunsuria, Salak Tinggi, Sepang  
**Contact:** (03) 6142 2727  
Enjoy food, art and music together with your family at Sunsuria City Fest. Exciting activities include street art, kid's activities, stage games and live performances by artists such as Fish Leong, Sheila Majid and others.

**MAPEX 2017**

**Date:** April 14 to 16 (Fri to Sun)  
**Time:** 10am to 9pm  
**Venue:** Mid Valley Exhibition Centre, Mid Valley Megamall, KL  
**Contact:** (03) 7803 2978  
Organised by Real Estate and Housing Developers' Association Malaysia (Rehda), the property expo will showcase a wide variety of property projects for homebuyers. There will also be property talks and interactive games.



**Where's The Food? Weekend Carnival**

**Date:** April 21 to 23 (Fri to Sun)  
**Time:** 5pm to 12am  
**Venue:** Country Garden Central Park, Persiaran Aliff Harmoni Utama, Taman Damansara Aliff, Johor Bahru  
**Contact:** 1300 88 0888  
Country Garden invites the public to enjoy some fun at the flea market and food carnival at Central Park next weekend. The developer will also be showcasing the Central Park development to interested buyers.

**Let's slurp the flowing noodles together!**

**Date:** April 16 (Sun)  
**Time:** 10am to 6pm  
**Venue:** Eco Meadows Sales Gallery, PT 740, Jalan Paboi, Mukim 14, Daerah Seberang Perai Selatan, Simpang Ampat, Penang  
**Contact:** (04) 510 2255  
Visit Eco Meadows to taste some famous Japanese flowing noodles in conjunction with EcoWorld's World Cuisine Festival celebrations. RSVP required as each session is open to limited testers only.

**SMD Group launch and wine reception**

**Date:** April 15 (Sat)  
**Time:** 11am to 5pm  
**Venue:** SMD Kundang Industrial Park, No 37, Jalan KPK 1/8, Kawasan Perindustrian Kundang, Rawang, Selangor  
**Contact:** (012) 304 3266  
SMD Group welcomes the public to the launch of Kundang Industrial Park in Rawang with a wine reception. This guarded freehold industrial park offers

14 units of semi-dee factories with a 2-storey office space.

**380 Melbourne's Malaysia Launch**

**Date:** April 15 and 16 (Sat and Sun)  
**Time:** 10am to 5pm  
**Venue:** DoubleTree Hilton KL, Level 10, Pine Room, The Intermark, No 348, Jalan Tun Razak, KL  
**Contact:** (012) 779 2008  
380 Melbourne is located at 380 Lonsdale Street, Melbourne, Australia. Its developer Brady Group's managing director Tony Brader will be at the launch to share about the project's design concept.



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**24 hours Guarded Industrial Facility In Kundang, Rawang**

**FREEHOLD**

**Only 3 Mins From Major Highways**

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- PLUS Highway
- Guthrie Highway (GCE)

Godspeed Developments Sdn. Bhd., (a member of SMD Group) is launching SMD KUNDANG INDUSTRIAL PARK - Phase One. This prestigious industrial development is spread over 9.2 acres and will offer security & facility management. Kundang Jaya is one of the fastest growing industrial townships in the northern corridor of Greater Kuala Lumpur. Kundang Jaya is highly accessible from the North-South Expressway (PLUS), Guthrie Corridor Expressway (GCE) and KL - Kuala Selangor Expressway (LATAR).



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