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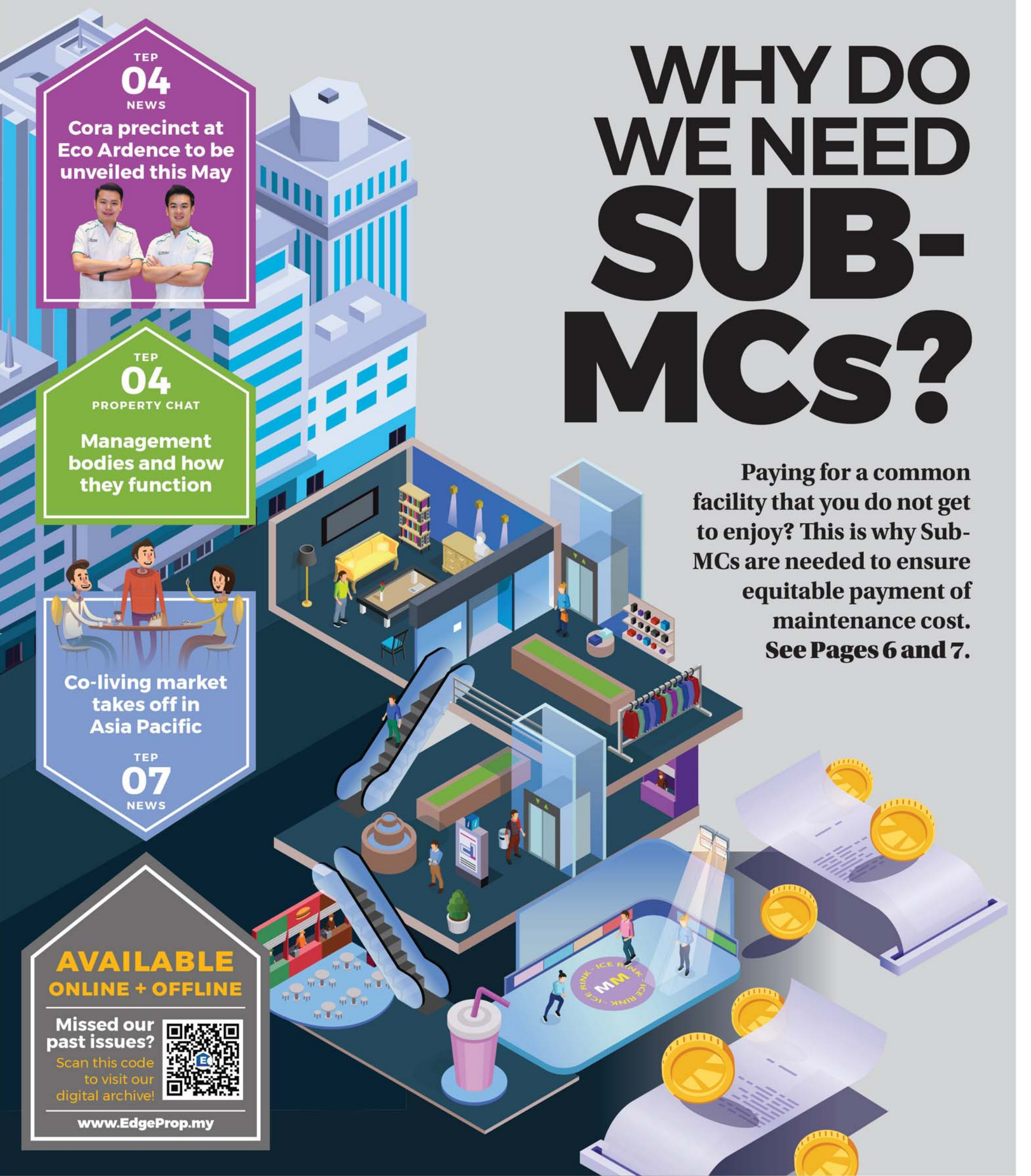
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# WHY DO WE NEED SUB-MCS?

Paying for a common facility that you do not get to enjoy? This is why Sub-MCs are needed to ensure equitable payment of maintenance cost. **See Pages 6 and 7.**





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**DBKL could recoup  
RM466m from  
land deals review**

The review of 97 Kuala Lumpur City Hall (DBKL) land deals is expected to recoup RM466 million to the Federal Territories Ministry's coffers, said its minister Khalid Abdul Samad.

Some of the gains, he told reporters outside Parliament on Monday, would come from lands that were previously sold at below market price at the time.

These lopsided deals were cancelled, and DBKL will earn more by selling them at market price, Khalid said.

"From the original 97 deals reviewed, we allowed 48 to carry on. We brought back 14 properties, and some we renegotiated.

**lyf Raja Chulan to  
open in KL next year**

The Ascott Ltd (Ascott), CapitaLand's wholly-owned lodging business unit, is bringing its co-living "lyf" brand to Kuala Lumpur to ride on the growing community living culture among millennials.

Situated along Jalan Raja Chulan, the co-living property dubbed lyf Raja Chulan Kuala Lumpur is scheduled to open in 2020.

It is poised to benefit from its proximity to transportation nodes such as the Masjid Jamek LRT Station as well as office space, co-working space and tourist attractions nearby, said Ascott in a statement on Wednesday

Ascott CEO Kevin Goh said demand for the company's lyf-branded co-living properties is gaining ground and with the brand, they are able to seize the opportunities

**LBS launches Kita@Cybersouth in Dengkil**

LBS Bina Group Bhd launched its latest township development, Kita@Cybersouth on Tuesday.

The 633-acre township on Malay Reserve land had seen its first and second phases, comprising 1,077 units of double-storey terraced houses and townhouses, snapped during a soft launch last November.

The success of the earlier phases prompted the launch of a new phase dubbed Kita Harmoni, which comprises 674 units of 20ft by 65ft double-storey terraced houses priced from RM560,000.

LBS believes Kita Harmoni homes will receive a similarly enthusiastic response from the market.

Next up will be a serviced apartment project called Kita Impian. It will offer 964 units priced from RM250,000 with built-ups of 551 sq ft and 901 sq ft.



"This latest township project with its affordably priced homes meets the rising affordable housing demand as well as supports the government's agenda of housing the nation," said LBS group managing director Tan Sri Lim Hock San at the launch event.

Kita@Cybersouth is easily ac-

cessible via major highways including the Putrajaya-Cyberjaya Expressway via the Elite Highway, Maju Expressway (MEX), South Klang Valley Expressway (SKVE), North-South Expressway (NKVE), Damansara-Puchong Highway (LDP) and Jalan Dengkil-Banting.

presented by the booming millennial generation.

**Johor MB  
Osman quits**

Datuk Osman Sapian has quit as Johor Menteri Besar (MB) effective April 9. The candidate who takes over the position will be a member of Parti Pribumi Bersatu Malaysia (PPBM), according to Prime Minister Tun Dr Mahathir Mohamad.

Mahathir said Osman had submitted his resignation letter to him and the Sultan of Johor, Sultan Ibrahim Sultan Iskandar.



"We have not decided on his replacement but according to the agreement within Pakatan Harapan, the Johor Menteri Besar should come from Bersatu (PPBM)," said Mahathir.

Meanwhile, Osman said that he will explain his reasons for resigning on Saturday after he has had an audience with Sultan Ibrahim.

**Vizione buys over  
joint developer  
of 216 Residences**

Vizione Holdings Bhd is buying the entire stake in a property development company that is jointly developing a block of

serviced apartments called 'The 216 Residences' on a leasehold commercial plot at Jalan Kuchai Lama, Kuala Lumpur. The project has an estimated gross development value of RM111.3 million.

The purchase of the company Pembinaan Angkasa Permai Sdn Bhd for RM7 million, marks the company's maiden venture into property development. Its wholly-owned unit has entered into a share sale agreement with two individuals for the acquisition.

The project will have 216 units with built-up sizes from 658 sq ft to 1,854 sq ft. The initial target selling price ranges from RM300,000 to RM1.7 million per unit.



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**LAUNCHES + EVENTS**

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**Residensi SIGC Family  
Day Out**

**Date:** April 13 (Sat)  
**Time:** 10am to 3pm  
**Venue:** Residensi SIGC, Lorong Rajawali, Taman Pj Perdana, Seremban, Negeri Sembilan  
**Contact:** (06) 764 8688

Matrix Concepts Holdings Bhd is organising a Family Day at Residensi SIGC this Saturday. Be ready to burn off some of that energy with a variety of games and activities!

**MAPEX Penang**

**Date:** April 12 to 14 (Fri to Sun)  
**Time:** 10am to 9pm  
**Venue:** SP Arena Convention Centre, Seberang Jaya, Penang  
**Contact:** (04) 227 6916

Some 25 to 30 developers are participating in the second Home Ownership Campaign (HOC) expo in Penang. Organised by the Penang Real Estate &

Housing Developers' Association (Rehda), the event will be promoted under Rehda's Mapex.

**Customer Appreciation Day**

**Date:** April 13 (Sat)  
**Time:** 12pm to 4pm  
**Venue:** Taman Perindustrian SMD @ Kundang, Jalan Industri SMD Kundang, Rawang, Selangor  
**Contact:** (012) 985 5573 / (012) 392 2550

SMD Group invites its customers and the public to their event which will start with a lunch followed by a handover ceremony for Taman Perindustrian SMD's first phase factory lots and a talk on how solar panels can save up to 75% of electricity overheads. RSVP required.

**Utrokids Arts and Crafts  
Workshop**

**Date:** April 20 (Sat)  
**Time:** 11am to 2pm

**Venue:** Food Park, Level UG (Utropolis Marketplace), Jalan Kontraktor U1/14, Seksyen U1, Shah Alam Selangor.  
**Contact:** (03) 5021 7847  
In this round of Utrokids workshop, kids will learn how to make Easter Eggs and Origami Hina Dolls.

**A Healthier You with  
Eco Ardence**

**Date:** April 14 (Sun)  
**Time:** 11am to 5pm  
**Venue:** Eco Ardence Sales Gallery, Persiaran Setia Alam, Shah Alam, Selangor  
**Contact:** (03) 3162 3322  
Organised by EcoWorld, participants get a Free Fitness assessment or a health check, take part in workshops and lucky draws with great prizes.

**Tea Break and Tasty Bites**

**Date:** April 13 and 14

(Sat and Sun)  
**Time:** 11am to 3pm  
**Venue:** Tropicana Metropark Property Gallery, No 1, Jalan Delima 1/1, Subang Hi-Tech, Subang Jaya, Selangor  
**Contact:** (1700) 81 8887  
All are invited to spend some time to unwind with Tropicana Corp while enjoying some tea and mouth-watering bites at Tropicana Metropark.

**The Clio 2 show unit  
preview**

**Date:** April 14 (Sun)  
**Time:** 10am to 5pm  
**Venue:** IOI Galleria @ IOI Resort City, Lebuhr IRC, Putrajaya  
**Contact:** (03) 8947 8899  
IOI Properties' The Clio 2 Residences show units will be open for an exclusive preview this Sunday. The serviced apartment project is located at IOI Resort City. Bring your family as there will be 9D Virtual Reality games and interesting superhero themed activities happening during the event. Register to RSVP at [bit.ly/Clio2ShowUnitPreview](http://bit.ly/Clio2ShowUnitPreview).



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**PANEL DISCUSSION "What happens when the party stops?!"**

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# Cora precinct at Eco Ardence to be unveiled this May

BY TAN AI LENG

SHAH ALAM: Eco World Development Group Bhd (EcoWorld Malaysia) is expected to unveil a new phase of landed homes at its Eco Ardence township next month (May).

Located in Setia Alam, Selangor, Eco Ardence is a joint venture development by EcoWorld and Cascara Sdn Bhd. The township development has an estimated gross development value of RM8.5 billion and will be developed over the next 10 to 15 years.

Targeting young families and upgraders who are seeking resort-style homes, the new housing precinct called Cora will have a total of 250 units of landed homes with a modern contemporary design and Zen-inspired landscaping and water features.

The 41-acre freehold Cora precinct comprises 102 units of semidees, 44 units of bungalows and 104 units of garden homes. The project's planned completion is in 2022.

Eco Ardence sales and marketing senior manager Ryan Au Yong said the first phase of Cora will be launched first, offering 71 units comprising 44 semidees and 27 bungalows.

The semidees measure 35 ft by 80 ft and come in four layout choices with built-ups ranging from 2,567 sq ft to 2,719 sq ft. Their

Liew (left) and Au Yong anticipate the growing interest from young families and upgraders for lifestyle homes in the Klang - Shah Alam corridor.



indicative selling prices start from RM1.9 million.

The bungalows, which have a lake view, are on two land sizes - 50 ft by 85 ft and 56 ft by 95 ft. They come in five layout choices with built-ups ranging from 3,363 sq ft to 4,343 sq ft, and with indicative prices from RM2.9 million.

According to Au Yong, the garden homes will be launched later. They have a built-up size of 2,411 sq ft and are indicatively priced from RM1.6 million.

Eco Ardence divisional general manager Liew Tian Xiong told EdgeProp.my that the growing population in the Klang - Shah Alam

corridor have resulted in a rising demand for lifestyle homes with safety features, recreational facilities and vibrant outdoors, by young families or upgraders.

The gated-and-guarded Eco Ardence incorporates safety features that are not only aimed at preventing crime but to ensure the safety of residents when they move around in the community.

Liew shed light on one example; instead of backlanes, pedestrian-friendly linear gardens allow residents and their families to enjoy the space without worrying about on-coming traffic.

"Like previous phases of Eco Ardence, over 20% of the land in this phase will be green areas," he added.

Cora is a low-density housing precinct with fewer than six houses per acre.

Meanwhile, Eco World introduced its lifestyle lab concept called Ardence Labs last year to bring in retail and entertainment elements to the township, allowing people in neighbouring areas to familiarise themselves with the township's lifestyle concept.

"Ardence Labs is important for the township as it is a move to create a location which could bring more value to all stakeholders - future residents, tenants and neighbouring communities. The Labs is doing well and we will be incorporating more wellness components soon," he said, adding that the company is looking to bring in aged-care, family care and physiotherapy services.

Meanwhile, the 533-acre township will welcome its first batch of residents soon, at its first housing precinct Aeres which was launched in 2016. All 432 landed homes which were sold out within a year will be handed over to their owners this October. The second housing precinct called Dremien, launched in 2017, is expected to see handover in October 2020.

## PROPERTY CHAT



# Management bodies and how they function

Strata management issues run the gamut of community living, from the sharing of common property, to pooling of financial resources for the maintenance of the subdivided building and common property, to getting volunteers to be part of the management team.

Many stakeholders are involved in strata management — developers, parcel owners, property managers, service contractors, real estate agents, land surveyors and the government. Each has an important function to ensure effective and successful strata management.

Strata living is challenging, what more strata management. Some owners may be disgruntled over the amount of the maintenance fees they have to pay while others may have an axe to grind with their elected management committee members. And if the strata building is not maintained according to the parcel owners' demands and expectations, the committee will not hear the end of it.

### What is JMB/MC?

Parliament had in 2012 passed the Strata Management Bill which led to the implementation of the Strata Management Act, 2013 (SMA) Act 757 from June 1, 2015.

The SMA states that the Joint Management Body (JMB) and Management Corporation (MC) are statutory bodies that are formed to manage and maintain the subdivided building and common property in a strata development.

The JMB is formed when the MC is not formed yet. The MC is formed after the orig-



BY DATUK CHANG KIM LOONG

inal proprietor of the land, who is normally the developer, successfully applies for subdivision of the building and the land office issues the strata titles for the respective parcels in the building.

The JMB/MC is a corporate body and hence it can sue and be sued. The corporate body has "perpetual succession" which means the entity exists forever until it is dissolved.

The difference between the JMB and MC is in their composition. While the JMB comprises the developer and purchasers of the building parcels, the MC comprises initially, the original proprietor of the land on which the strata development stands, which is normally the developer and subsequently, the purchasers once they have received their strata titles and registered themselves as parcel owners.

### What is a management committee?

The JMB/MC is run by a joint management committee (JMC) or management committee, respectively. The committee members are elected at the JMB's/MC's annual general meeting (AGM) and the number of JMC or management committee members should be between three and 14 parcel owners.

The committee acts in the interest and benefit of parcel owners living in the same strata community. Thus the committee ought to refrain from acting on its own whims and fancies. More importantly, it must refrain from

mismanaging the monies collected from parcel owners for the maintenance and management of the strata development.

If the JMC or management committee acts in a manner detrimental to the general interest of the parcel owners, it could be liable to the JMB/MC respectively for damages sustained by the JMB/MC.

### Eligibility

Each member of the JMC or management committee must uphold integrity. The SMA provides a comprehensive list of conditions that a committee member must meet.

First, to be eligible for election as a committee member, the parcel owner must be at least 21 years old and have fully paid his arrears in maintenance charges and sinking fund at least seven days before the AGM. A proxy is not allowed for the election of a committee member.

Second, a committee member must observe the following conditions:

- Not a bankrupt;
- A parcel owner;
- Not convicted for an offence of fraud or dishonesty;
- Be of sound mind or is capable of discharging his duties;
- Must not bring discredit to the JMC or management committee while conducting his duties;
- If he is the chairman, he must not absent himself from three consecutive committee meetings without the leave of the JMC or management committee;
- If he is not the chairman, he must not absent himself from three consecutive committee meetings without the leave of the chairman;

Datuk Chang Kim Loong will be speaking at EdgeProp.my's Symposium on Excellent Property Management 2019 "Is your investment future-proof?" on April 27 at One World Hotel, Petaling Jaya.

Register at [www.EdgeProp.my](http://www.EdgeProp.my) or scan QR code.



- He must not be in arrears of the maintenance charge and sinking fund (including interest) for three consecutive months;
- If he commits a serious breach of by-laws, he must remedy the breach within 14 days of a notice from the JMC or management committee.

If the parcel owner fails to observe the above conditions, he is deemed to have vacated his office as a committee member. Consequently, the JMB or management committee may appoint another parcel owner to replace the member.

A committee member may resign from his office at any time by giving written notice to the JMB/MC.

The above provisions are just a few among the many comprehensive provisions in the SMA.



Datuk Chang Kim Loong is the Hon. Secretary-General of the National House Buyers Association (HBA). HBA can be contacted at: Email: [info@hba.org.my](mailto:info@hba.org.my) Website: [www.hba.org.my](http://www.hba.org.my) Tel: +6012 334 5676



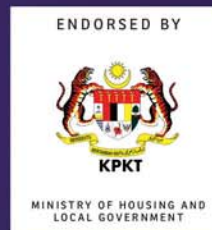


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# What are Sub-MCs and why we need them

BY NATALIE KHOO

KENNY YAP | THE EDGE

PICTURES BY LOW YEN YEING | EdgeProp.my

In a strata development, the term common property (CP) is, shall we say, common? According to the Strata Management Handbook by the Real Estate and Housing Developers' Association's (REHDA) Institute, common property refers to the development area that is not included in any parcel or accessory parcel and is capable of being used or enjoyed by two or more strata unit owners. These areas include the corridors, landscaped areas and gardens, swimming pools, gymnasiums and meeting rooms which is where the maintenance fees you pay monthly go, towards the upkeep of these facilities.

However, more and more mixed developments now exist where developers claim that people can live, work and shop/play, all within the same building complex. Hence, a mixed development would have residential blocks, office towers, a retail mall or shops and a hotel all rolled into one.

While it all looks great on paper, because to live with every convenience at your doorstep has a wonderful ring to it, the reality is that being a resident in a mixed development does not mean you can use or benefit from the parts of the development other than the residential portion.

For example, if there is an Olympic-sized swimming pool on the rooftop in the office tower next to your residential building, residents will not be able to access and utilise the swimming pool and can only look on in envy at the tenants of the office tower. This has given birth to the term Limited Common Property (LCP).

According to REHDA Institute's handbook, LCP is referred to in Section 17A of the Strata Titles Act 1985 as the part of the community that is designated for the exclusive benefit of two or more, but not all strata unit owners; and for which a certificate has been issued by the Director of Land and Mines certifying that a Subsidiary Management Corporation (Sub-MC) has been constituted under the Strata Titles Act 1985.

This means that the Management Corporation (MC) may designate the LCP and



**“With the existence of Sub-MCs, property managers can assure fairness to all parcel owners.”** – Faizal



**“A Sub-MC is a corporate body with perpetual succession and as such, can sue and be sued so they are separate from MC.”** – Tan



**“One of the main challenges in the formation of a Sub-MC is the large number of unregistered proprietors.”** – Wong

create one or more Sub-MCs for the purpose of representing the different interests of the parcel proprietors by a comprehensive resolution under the Strata Management Act 2013 (SMA).

## Benefits to property owners

According to Malaysian Institute of Property and Facility Managers (MIPFM) president Faizal Fuad, one of the pertinent problems when it comes to managing a mixed development is the distribution of cost in maintaining the common property of different development components.

“Some owners feel that they do not use or enjoy the use of the shared property, and wonder why they have to bear the cost when they do not use it (the facility). There are also owners who feel that other owners are not entitled to enjoy the shared property in their building blocks and want to control the financial accounts of their neighbourhood independently,” says Faizal.

Thus, Faizal says, with the existence of Sub-MCs, property managers can assure

fairness to all parcel owners.

“With that, the property manager can fully concentrate on the management of common property in the building component/block and circumvent any interference from parties which do not relate to the use of such limited common property in decision making. The actual cost of maintenance of limited common property for each block within the mixed development scheme can be determined. The management of financial accounts will be more transparent, and the building services and facilities are better managed,” Faizal explains.

Chur Associates founder and managing partner Chris Tan tells EdgeProp.my that a Sub-MC will act as a separate legal entity that will keep a separate account of incomes and expenses.

“A Sub-MC is a corporate body with perpetual succession and as such, can sue and be sued so they are separate from the MC. Its duty is to manage its own maintenance charges and sinking fund accounts, all of which must be audited annually by an independent auditor. They are also tasked with properly maintaining and managing the limited common

property, and to keep it in a state of good and serviceable repair.

“Therefore, it will be a benefit to form a Sub-MC for the ease of maintaining and managing its own limited common property. Sub-MCs may manage and maintain the LCP freely without the need to get all owners involved, but only the owners who benefit from the LCP. The owners who are not enjoying the LCP are not required to bear service charges incurred in the LCP” Tan explains, adding that the concept of a Sub-MC is arguably introduced to resolve the complications in managing a mixed-use integrated strata development.

However, Burgess Rawson Malaysia group managing director Wong Kok Soo warns that there are some disadvantages to having Sub-MCs in a strata scheme.

“There will be more general and committee meetings carried out by both the MC and Sub-MCs. This also leads to more invoices, receipts and accounts by both parties. The overall charges and sinking fund contributions will increase due to the increased number of general meetings, committee meetings, accounts and auditing collectively for the MC and Sub-MCs.

“Not to forget, the sinking fund contributions and overall charges will increase substantially if the MC and Sub-MCs decide to have separate offices, property management companies and onsite staff. Nevertheless, the advantages outweigh the disadvantages as a Sub-MC is the perfect solution to tackle the issue of the different rate of charges; the containment of liabilities and mitigates the impact of inequitable share units in a mixed-use strata scheme,” Wong points out.

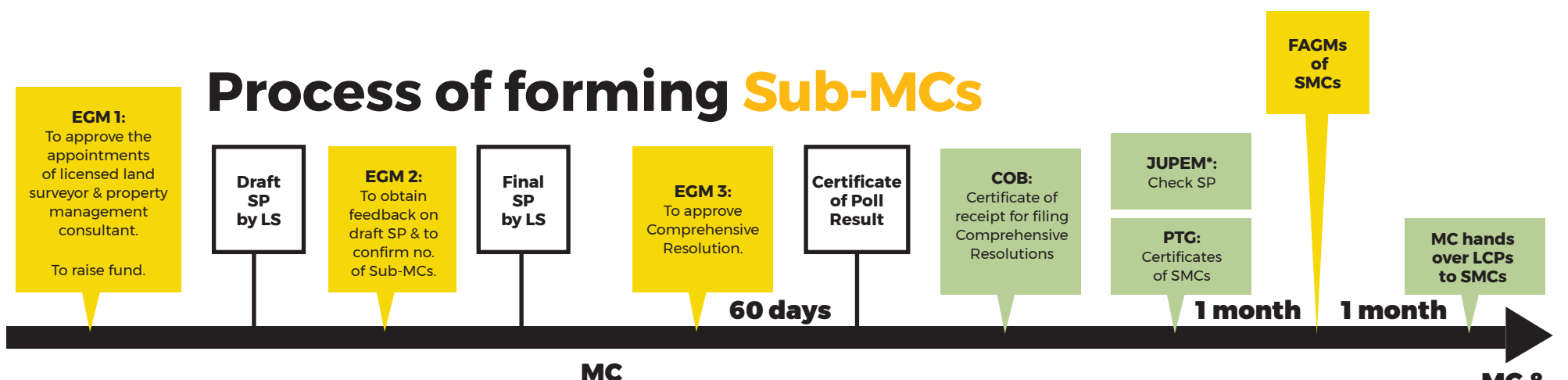
## Challenges

If the Sub-MC is indeed the best way to manage a mixed development, why then has no Sub-MC been formed yet in Malaysia?

According to Burgess Rawson's Wong, one of the main challenges in the formation of a Sub-MC is the large number of unregistered proprietors which often leads to an insufficient number of valid votes to reach two-thirds of the aggregate share units needed to form the Sub-MC.

“Four years since the Strata Titles (Amend-

## Process of forming Sub-MCs



### EGM 1 OF MC to approve:

- Licensed land surveyor (LS) to prepare Special Plan (SP) and to apply to PTG (Department of Director General of Land and Mines) for certificates of establishment of Sub-MCs.
- Property management consultant to work with LS on the preparation of SP; to prepare, convene and facilitate EGM 2 & EGM 3; to set SOP and conduct poll on Comprehensive Resolution; to prepare the certificate of poll result; to apply to the Commissioner of Building (COB) for certificate of receipt for filling the Comprehensive Resolution; to commute rates of charges and sinking fund; to conduct First Annual General Meetings (FAGMs) of Sub-MCs and EGM of MC and to advise on handing over of Limited Common Properties (LCP) and funds.
- Fund for setting up and establishing the SMCs.

\*JUPEM: The Department of Survey and Mapping Malaysia

SOURCE: BURGESS RAWSON





1 Mont'Kiara will soon be managed by a Sub-MC.

## First Sub-MC ready soon

EdgeProp.my reported in February 2018 about the first Subsidiary Management Corporation (Sub-MC) in Malaysia that will be formed soon. The 1 Mont'Kiara mixed-use stratified development in Mont'Kiara, Kuala Lumpur will soon see the existence of three Sub-MCs.

According to the development's property manager Burgess Rawson Malaysia, the mixed development currently comprises four development components. The first is 1 MK which was designed, built and completed in 2010 with two wings housing office parcels. The Premier Suite Wing is 34 storeys with 30 parcels while the Office Suite Wing is 29 storeys with 156 parcels.

The second component is a 19-storey en-bloc office called Wisma Mont'Kiara completed in 2010 while the third was 1 Mont'Kiara, a 4-storey mall completed in 2010 with car parks in the basement and upper levels all within one en-bloc parcel. The final component was i-Zen Kiara II – a 33-storey serviced apartment completed in 2006 with 238 residential and six commercial parcels.

Three Sub-MCs will be formed to manage i-Zen Kiara II; Menara 1 MK; and Wisma Mont'Kiara and 1 Mont'Kiara.

Burgess Rawson Malaysia managing director Wong Kok Soo tells EdgeProp.my that the proprietors of residential component i-Zen Kiara II wanted a Sub-MC to be formed so they could be insulated from any liability arising from the commercial components, and to have independent control of their own accounts and limited common property (LCP).

Similarly, the proprietors of the office component in Menara 1 MK as well as the two en-bloc parcels of 1 Mont'Kiara and Wisma Mont'Kiara demanded the same.

However, getting the required consent

of two-thirds of the aggregate share units to form the Sub-MCs was no easy task as a number of purchasers had yet to be registered and take up their strata titles, while some who had registered were not entitled to vote due to arrears in their maintenance charges.

"The registered proprietors who were entitled to vote collectively held only 71% of aggregate share units. For convenience, the EGM was held on the same day as the third annual general meeting on Dec 6, 2018. However, the timing was not right as a number of people had gone on holiday or overseas. Furthermore, some registered proprietors who were entitled to vote were apathetic and needed some motivation from the management office to cast their votes," Wong reveals.

Over the 60-day voting period, Burgess Rawson's team of seven polling officers and assistants sent emails, Whatsapp messages and made daily calls to the registered proprietors who were eligible to cast their votes during the 60-day voting period.

"The mission was only accomplished when two proprietors returned from overseas to cast their votes three days before the closing date. The last proprietor flew in from London to cast her vote on Sunday (Feb 4) before the counting took place the following day. It was certainly a tight race against time," he says.

The certificate of establishment of the three Sub-MCs has been issued by the Federal Territory Director of Land and Mines on April 9. The first AGM is expected to be held in May followed by the handing over of the LCP by the MC in June. Hence, the Sub-MCs will most probably commence their respective independent management periods with effect from July 1.

ment) Act 2015 and the SMA came into force in June 2015, no Sub-MC has been formed. This is because some purchasers of a strata property have yet to register for their strata titles while others who have registered may not be entitled to vote because they have not paid their maintenance charges.

"On top of that, there is a lack of a standard strata roll update (a computerised print out providing the updated details on the names of the registered proprietors, their parcel numbers, their share units and the date of registration of each proprietorship with respect to each parcel) from some land officers, which hinders the voting process. For example, an irate management body mentioned that a certain land office only printed out the parcel numbers without the name of the proprietors," Wong laments. This was an example given in reference to

problems faced in 2018 with land offices in Negeri Sembilan.

MIPFM's Faizal points out another problem – ignorance. Some parcel owners, he says, may not know that they have to cast their vote within a 60-day period after the Extraordinary General Meeting (EGM).

"It is imperative that parcel owners know and understand their responsibilities and come forward to cast their votes," says Faizal.

### Design and planning stage crucial

Chur Associates' Tan also notes that whether the management of the different components of a mixed development is easy or difficult, depends on its design.

"The original DNA of the building must be such that the different parts are designed

to be able to be easily separated and managed differently.

"If it is designed as a pair of 'Siamese twins,' it would be challenging to craft out LCPs," says Tan.

Under the existing Strata Titles (Amendment) Act 2015 [Act A1450], only the MC can approve a comprehensive resolution to demarcate the LCPs and form the Sub-MCs.

However, Burgess Rawson's Wong raises the concern that the MC and its management committee may be ill-equipped to handle the demarcation of LCPs for the formation of Sub-MCs because it involves matters such as whether the electric supply installation, water reticulation system, M&E installation, plant and equipment facilities can or cannot be segregated for the proposed LCPs.

"Furthermore, it also involves the application of the exclusive use test on such installations, plants, equipment and facilities as well as the designated parts of the common property. The MC has to allocate a substantial amount of monies to engage a specialist licensed land surveyor and a specialist property management consultant for the formation of the Sub-MCs," Wong explains.

Thus, he made a proposal to the government in 2018 on behalf of the Association of Valuers, Property Managers, Estate Agents and Property Consultants (PEPS) and REHDA for the formation of Sub-MCs to be carried out by the developer and its project team (licensed land surveyor, architect, civil and structural engineers and mechanical and electrical engineers) as well as the property management consultant as they will be in the best position to come up with suitable LCPs.

"It is much easier for the developer as only one single entity gets to decide upfront at the planning and design stage of the development, instead of having so many parcel proprietors of diverse interests deciding at the MC stage.

"Furthermore, there is a substantial cost saving without any financial burden to the MC if the LCPs and Sub-MCs are identified and established at an early stage of the Schedule of Parcels (SiFUS)," Wong notes.

He says if the proposal to have the establishment of the Sub-MCs in the early stages at the SiFUS is accepted by the Department of Lands and Mines (KPTG) and the Ministry of Housing and Local Government (KPKT), then a series of amendments to the relevant laws, namely Strata Titles Act (STA) 1985, Strata Management Act (SMA) 2013, and Housing Development (Control and Licensing) Act [HDA] will have to be drafted.

"The proposed new amendments will need to improve for the MC to amend the LCPs and Sub-MCs as and when necessary via a comprehensive resolution. Said amendments to the regime of laws will take time and possibly come into force in 2021 if KPTG and KPKT can jointly form a drafting committee to start work immediately," says Wong.

At the end of the day, Chur Associates' Tan stresses, good property management is the key to preserve and increase the value of any property moving forward, especially integrated mixed-use development where there is direct impact among components.

"Owning a well-run residential unit on top of a badly run retail mall is certainly not an ideal situation for both owners and investors. While there are laws and regulations in place, common sense and communication among the owners are crucial in community living," Tan concludes.



## Co-living market takes off in Asia Pacific

PETALING JAYA: Thanks to convenience and cost efficiencies, the co-living market is taking off in Asia Pacific, according to JLL's "Co-living in Costly Cities — Asia Pacific Report".

The real estate consultancy said in a press release that co-living offers short and flexible lease terms as well as ready-to-move-in convenience. According to a case study in the report, operators could save up to 25% in expenses over the traditional rental model.

"Co-living bridges a housing gap that traditional living categories do not support," explains Rohit Hemnani, COO and Head of Alternatives, JLL Asia Pacific.

"Since co-living spaces are fully furnished with cleaning and maintenance services, tenants only need to deal with one operator instead of paying for deposits, utilities, furniture, and agent fees.

"Many co-living operators are asset light, so they work from a profit-sharing lease or management agreement, while others prefer fixed market-based leases where they can guarantee landlords a fixed income over a longer period. Due to the ability to scale operations, co-living operators can potentially provide higher incomes to property owners and deliver efficiencies around cleaning, furniture and utilities," says Rohit.

Although the co-living sector is still in its early stages of development in most parts of Asia Pacific, JLL predicts that it will evolve to appeal to a larger and broader tenant base over time.

The report stated that India leads the way for co-living in the region as the undersupply of student accommodation, coupled with the market size. Institutional investors and venture capital firms have found their way to India, with the likes of Goldman Sachs and Warburg Pincus investing in the sector.

Singapore and Hong Kong have a small number of established operators seeking rapid expansion. Singapore has seen its fair share of co-living investments, including Hmlet's funding from Aurum Investments and Sequoia India as well as Singapore Management University's partnership with The Ascott Ltd to manage lyf@SMU. Meanwhile, Hong Kong's underperforming hotels and serviced apartments are converting to co-living spaces as building owners seek to improve rental yields.

The rapid evolution of China's multi-family rental market has made it one of the most developed co-living markets in the world. Several developers have actively bid on land sites earmarked for rental property to set up their own branded co-living operations.



TO BUILD A NEST, IT STARTS WITH FINDING THE FIRST TWIG...



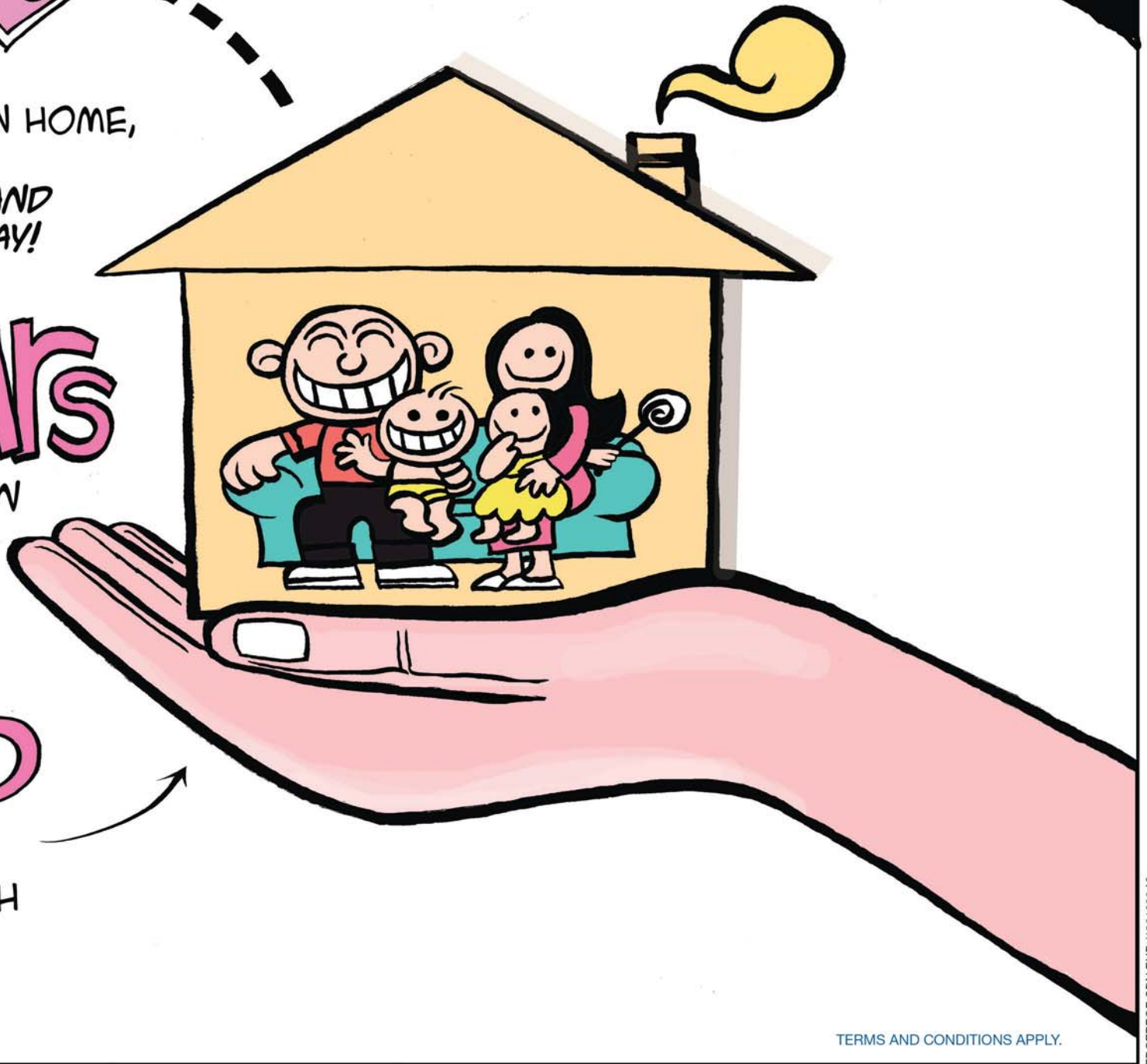
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