

Ireka upbeat on residential tower project

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PETALING JAYA: Ireka Corp Bhd expects its proposed high-end residential project in Kuala Lumpur to contribute to earnings by financial year ending March 31, 2012, said chairman Abdullah Yusof.

"Assuming we can launch the project in early 2011, it should begin contributing to revenue in our 2012 financial year," he told *StarBiz* in an e-mail.

"We expect the construction of the project to be completed by end 2013, subject to obtaining the necessary development and authorities' approvals."

Earlier this month, Ireka announced it would co-develop with London-listed Aseana Properties Ltd (APL), on a 30:70 basis, a high-end residential tower at Jalan Kia Peng.

The project, which will be next to the Kuala Lumpur Convention

Centre, is expected to generate a gross development value (GDV) of RM272mil, with a gross profit margin of about RM58mil.

Abdullah said the estimated GDV of RM272mil was based on a conservative assumption and the amount would definitely increase by the time the project was completed.

"Indeed, we expect that the GDV will eventually increase, as the world economy stabilises and when the momentum of the real estate sector returns. Our current GDV estimate is based on today's price," he said.

Ireka currently has no immediate plans to acquire more residential land at the KL city centre (KLCC) area.

"However, like all ongoing business concerns, we will continue to evaluate good opportunities that come our way," Abdullah said, adding that he was optimistic about the outlook of the local property

sector.

"We see confidence slowly returning to the property sector in Malaysia.

"The volume of transaction is still relatively low but we expect this to pick up by 2012, and we want to be there when the property market takes an upturn.

"Nevertheless, the group needs to proceed with a certain degree of caution going forward.

"As for properties within the KLCC area, we strongly believe that this area will be the most prime address in Kuala Lumpur," he said.

Meanwhile, Ireka Corp's wholly owned subsidiary, Ireka Engineering & Construction Sdn Bhd, has been awarded a RM52mil sub-contract by Transmission Technology Sdn Bhd for the proposed offices and hotel development project in Kuala Lumpur.

The sub-contract would be completed in two phases, the company told Bursa Malaysia yesterday.